

DEPARTMENT OF THE INTERIOR
BUREAU OF EDUCATION

BULLETIN, 1922, No. 47

FEDERAL AID TO PUBLIC SCHOOLS

By

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WASHINGTON
GOVERNMENT PRINTING OFFICE
1923

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LETTER OF TRANSMITTAL

DEPARTMENT OF THE INTERIOR,
BUREAU OF EDUCATION,
Washington, March 10, 1923.

SIR: I transmit herewith for publication as a bulletin of the Bureau of Education the manuscript of a study on Federal Aid to Public Schools, recently completed by Prof. Fletcher Harper Swift, of the University of Minnesota. This is a companion study to the report on State Policies in Public-School Finance, published as Bulletin No. 6, 1922, which was written with a view to summarizing the most significant conclusions resulting from a series of comprehensive investigations of public-school finance made by Doctor Swift and others in 11 different States.

In the present study, Doctor Swift reviews the development of the policies adopted by the Federal Government, from time to time, in dealing with the problem of public education, including land grants, per centum grants, loans, royalties, and conditional and cooperative grants of money. It thus furnishes a basis of facts essential to any consideration of what is involved in current proposals for Federal grants in aid of education.

As a concise statement of just what the Federal Government has done in the past to encourage and promote public education through grants of lands and money, this report will be of great value not only to educators but to all students of government and of public policy.

Respectfully submitted.

JNO. J. TIGERT,
Commissioner.

The SECRETARY OF THE INTERIOR.

PREFACE.

On October 10, 1780, Congress passed a resolution providing that the vast western domain, which the States had ceded to the Federal Government, should be disposed of for the common benefit of the United States.¹ Yet, after the States had made their cessions, Congress proceeded to bestow millions of acres upon new States, but made no provision for any of the original States, or the States carved out of them, with the exception of Virginia, Connecticut, and Tennessee.

It was in 1821 that the dissatisfaction of the original States with this policy came to a climax. Under the leadership of Maryland, the demand for school land grants for the original States became a burning issue. Connecticut, New Hampshire, Vermont, and Virginia lent their support to Maryland's efforts, but in vain.² Their cause speedily became a lost cause.³ The next notable event occurred in 1841, when Congress passed an act providing for the distribution among the States and Territories of the net proceeds of the sales of public lands after the payment to the States of certain sums (per centum grants) to which the States were severally entitled. This act, however, remained in force less than one year, and the question of a general policy of Federal aid to public schools was allowed to slumber.⁴ The Smith-Towner bill, introduced into the United States Senate on August 10, 1918, renewed the issue. This bill, as is well known, failed of passage but was followed by the Towner-Sterling bill. Whether the policies embodied in these two bills will ever be incorporated into Federal law or not, it is obvious that there is need of a concise account of just what aid the Federal Government has thus far provided for public schools. The present monograph has been prepared with a view to presenting such statement.

It has seemed unwise to burden with footnotes a text designed for the general reader. Most of the data have been taken from bulletins issued by the Bureau of Education, the Census Bureau, the General Land Office, the United States Statutes at Large, and other original documents. Some historical data have been taken from the author's own volume, "A History of Public Permanent Common-School Funds in the United States," and from his four-volume series, "Studies in Public School Finance," now in process of publication by

¹ Swift, Fletcher Harper. A history of public permanent common-school funds in the United States, p. 42; Journals of Congress, VI, p. 213.

² Ibid. p. 55.

³ Orfield, Matthias Nordberg. Federal land grants to the States, pp. 100-101.

the University of Minnesota. Use has been made also of Orfield's monograph, "Federal Land Grants to the States," and of Thomas Donaldson's, "The Public Domain, its History, with Statistics." Mention should be made also of Keith and Bagley's valuable little volume, "The Nation and the Schools." Those desiring further references should consult bibliographies attached to the above-named works, and the two bibliographies recently compiled by Alexander and Sears.*

FLETCHER HARPER SWIFT.

UNIVERSITY OF MINNESOTA,
Minneapolis, Minn., September 1, 1922.

* Alexander, Carter. Bibliography on educational finance (in press), *The Educational Finance Inquiry*, New York. Sears, Jesse B. The literature and problems of public-school finance, *Educational Administration and Supervision*, 8:133-150 (March, 1921).

FEDERAL AID TO PUBLIC SCHOOLS.

I. RECENT TENDENCIES IN FEDERAL AID TO PUBLIC SCHOOLS.

Of the policies characterizing public education in the United States during the past 10 years, perhaps none has attracted more universal attention than that of Federal aid. The Smith-Lever Act, providing Federal subventions for extension work in agriculture and home economics, was approved May 8, 1914. On February 23, 1917, the Smith-Hughes vocational education law was passed, which marked the entrance of the Federal Government upon a national policy of subsidizing vocational education. This law was followed by the Smith-Sears Act, approved June 27, 1918, and the Smith-Bankhead Act, June 2, 1920; the former provided funds for the vocational rehabilitation of disabled soldiers and sailors, and the latter, funds for the vocational rehabilitation of civilians disabled in industry or otherwise.

Those who had urged Federal aid to foster vocational training on the broad scale contemplated by the Smith-Hughes and the Smith-Sears laws had not refrained from asking the question: Ought not the Federal Government to aid the States in other educational fields, notably that of elementary education? Out of a strong conviction in the affirmative arose, in 1918, the Smith-Towner bill, which sought to provide an annual Federal fund of \$100,000,000, to be distributed among the States for subsidizing education. The Smith-Towner bill failed of passage, but was succeeded by the Towner-Sterling bill.

Those strongly advocating Federal aid on any such scale as that contemplated in the Smith-Towner bill, point out the great inequalities existing among the States as to the educational opportunities provided, and more particularly as to ability to support schools. In 1920, the average length of the school term in the United States varied all the way from approximately nine months in New Jersey to five months in South Carolina, and the annual salary of teachers from \$1,279 in Arizona to \$291 in Mississippi.

If we take as our measure of ability to provide schools the estimated true wealth back of each child 5 to 18 years of age, inclusive, we find that in 1920 the variation extended all the way from \$48,000 per child in Nevada and \$18,000 in Iowa, to approximately \$3,000 per child in North Carolina and Mississippi.¹ In 1920 Montana expended

¹Computed on the basis of the following data: Estimated population, 5-18 years, taken from Bureau of Education Bulletin, 1922, No. 20, Table 43, column 3; estimated true wealth of all States in the year 1920, taken from John A. H. Keith's Can the United States afford it? *The Journal of the National Education Association*, vol. 10, No. 4, p. 79 (April, 1921).

on an average \$96 annually for each child enrolled in school; Nevada, \$95, and Wyoming, \$87, whereas the average annual expenditure per child enrolled in Georgia, Mississippi, and South Carolina was between \$13 and \$14.

Federal aid to public schools in the United States had its beginnings in the now famous Ordinance of 1785. In view of this fact it is surprising that no complete account exists of the various funds which the United States has from time to time bestowed upon the States to aid them in their efforts to support public schools. It is the purpose of the present monograph to make such an account available to the general educational public in as brief and concise a form as possible. No argument will be made either for or against such policies as those which were contained in the provisions of the Smith-Townier bill, as the purpose throughout the succeeding pages is entirely informational and descriptive, and in no sense controversial or polemical.

The grants bestowed by the Federal Government upon the States, and which the latter have devoted to public schools, fall into two major classes, viz, lands and moneys, each of which will be considered in turn.

II. FEDERAL LAND GRANTS.

ORDINANCE OF 1785 AND VARIOUS TYPES OF LAND GRANTS.

On May 20, 1923, will occur the one hundred and thirty-eighth anniversary of the passage of one of the most famous and most significant ordinances ever enacted by the Congress of the United States. Out of this Ordinance of 1785 arose a national policy which has resulted in providing the States with vast grants for public education. This policy was not, however, positively assured until two years later, when Manasseh Cutler, one of the directors of the Ohio Company, held up the Congress of 1787 with the threat to buy land from some individual State unless his demands for school, university, and church lands should be granted. Congress, badly in need of money and fearful lest Cutler should carry out his threat, passed, on July 23, 1787, an ordinance authorizing the Board of Treasury to contract for the sale of lands to the Ohio Company on the terms demanded by Cutler, which included the following grants of land: Two townships for an institution of higher learning, and, within each township, one section of land for the ministry and one for schools. Thus began a national policy which resulted in granting to the States, Federal lands and moneys for public schools. Every one of the 30 public land States, i. e., States carved out of Federal domain, received extensive grants of Federal lands for endowing schools, which have been largely devoted to establishing permanent State endowments for public schools.

Some Federal lands granted to the States have been given specifically for public schools; others such as swamp lands, salt lands, and internal improvement lands, although not given specifically for schools, were devoted to schools by many States. Every public-land State admitted prior to California, in 1850, received from the National Government for the support of public schools the section numbered 16 in each congressional township. California and every subsequently admitted State, except Utah, Arizona, New Mexico, and Oklahoma, received sections 16 and 36. The first three of these States received sections 2 and 32 as well as 16 and 36. Oklahoma offers a special case, also, which is described on page 29.

In addition to township school sections aggregating approximately seventy-three millions of acres (73,155,075),¹ Congress, under separate acts, has granted to public-land States approximately 11,000,000 acres of public domain for purposes of internal improvement; salt lands aggregating over 606,000 acres, and swamp lands aggregating more than 64,000,000 acres. (See Table 5.) It should be noted that lands granted as swamp lands, as in the case of Minnesota, sometimes proved to contain rich mineral deposits which made them among the most valuable lands granted to a State. From these various grants there have been given in all to the 30 public-land States approximately 147,000 square miles of school lands, 101,000 square miles of swamp lands, 17,000 square miles of internal improvement lands, and 900 square miles of salt lands. Table 1, which follows, shows the area of these grants, stated in thousands of acres and in thousands of square miles.

TABLE 1.—Federal lands devoted to public schools.

Grants.	Area in thousands of—	
	Acres. ¹	Square miles. ²
I. Lands granted or reserved ³ specifically for schools:		
Township school lands, 16th, 36th, 2d, and 32d sections ⁴	94,164	147
II. Other lands used by some States for schools:		
Internal improvement.....	11,400	17
Salt lands.....	606	9.9
Swamp lands.....	64,651	101
Total.....	76,726	118.9
Grand total ⁵	170,890	266

¹ Compiled from data furnished by the General Land Office, Department of Interior, Apr. 6, 1921.

² Including 21,000,000 acres reserved in Alaska, but which will not be granted to Alaska until admitted as a State.

³ Computed.

From these general introductory statements we turn now to consider, first and briefly, the origin of the Federal domain and of the

⁴ Exclusive of approximately 21,000,000 acres of school lands reserved in Alaska; approximately 94,000,000 acres if Alaskan reservations be included.

Federal policy of education grants; then, somewhat in detail, each class of Federal land grants available for public schools.

COLONIAL BEGINNINGS OF LAND-GRANT POLICY.

The policy of reserving for schools one or more sections of land in newly surveyed townships had become fairly well established in colonial days. As early as 1659, the General Court of Massachusetts granted the towns of Charlestown and Cambridge 1,000 acres of land each on condition that they be forever appropriated to maintain a grammar school. In 1672, Connecticut granted 600 acres each to the four county towns of Fairfield, New London, New Haven, and Hartford for the support of a grammar school. In 1687, the Connecticut Colony granted more than one-half of what is now Litchfield County, to the towns of Hartford and Windsor to save this land from the cupidity of the royal Governor Andros. Hartford and Windsor refused to restore this land to the Colony when the troublesome times ceased. A controversy arose which resulted in a compromise. In 1726, the territory was divided in half. The eastern half was given to Hartford and Windsor. The Colony took the western half, which it laid out in seven townships. Five of these townships were divided into 53 parts each. One of these 53 parts in each town was reserved for the support of a town school and two for the support of the ministry. In 1733, the Assembly of the Colony of Connecticut enacted that seven towns belonging to the Colony be sold and the proceeds divided among the towns already settled, in proportion to their list of polls and ratable estate, the proceeds to be set apart by each town as a permanent school fund.

From the proceeds of this policy of Connecticut two classes of permanent funds arose: (1) The fund belonging to the Colony which was distributed among the towns of the Colony; (2) funds belonging to new towns, arising from reservations of school lands within the towns.

The colonial policy of reserving lands in each town was adopted soon after the formation of the Union by several States. Georgia, in 1783, provided for the reservation of 1,000 acres of land in each county for the support of free schools. New York, in 1786, and Massachusetts, in 1788, provided for the reservation, in State-owned lands, of lots for schools, and for the ministry.

ORIGIN OF FEDERAL LAND DOMAIN.

No account of the origin of the policy of Federal land grants for schools will be intelligible without a statement, however brief, of the origin of the Federal ownership of the vast western territory originally claimed by the States.

The original charters of 6 of the 13 Colonies made the Pacific Ocean their western boundary. The Virginia charter of 1609 gave a territory extending "from Sea to Sea, West and Northwest." The Massachusetts Bay grant of 1629 extended throughout the Mayne Landes there, from the Atlantick and Westerne Sea and Ocean on the East Parte, to the South Sea on the West Parte." In the Connecticut charter of 1662 the form of the grant was "to the South Sea on the West Part"; in the North and South Carolina charter of 1663, "to the west as far as the south seas"; and in the Georgia charter of 1732, "westerly * * * in direct lines to the south seas." New York, by virtue of treaties with the Six Nations and their allies, asserted a claim to Ohio and part of Kentucky.

There were thus seven States which laid claim to western territory.

The treaty of peace of 1783 made the Mississippi the western boundary of the 13 States. No State could claim lands west of that river thereafter. But the six States referred to above claimed land as far west as the Mississippi, while New York asserted the right to a block of land west of her present limits. (Orfield, *op. cit.*, p. 33.)

Before the close of the Revolution, confusion and antagonism reigned as the result of these conflicting claims over the ownership of the lands in the West. Virginia claimed all this western region lying north of the Ohio River up to Lake Superior. Part of this same region was claimed by Massachusetts, part by New York, and part by Connecticut. Western New York was claimed by Massachusetts, and northern Pennsylvania by Connecticut. In like manner, Georgia, North Carolina, and South Carolina claimed the vacant lands in the Southwest.*

The continuance of this controversy delayed the ratification of the Articles of Confederation and increased the difficulties of carrying on the war. Congress, therefore, appealed to the States to ward off the danger that threatened their common cause, by liberal cessions of lands for their common benefit. On October 10, 1780, Congress passed a resolution in which it pledged itself to the following policy:

(1) That the western territory, ceded by the States, should be disposed of for the common benefit of all the States; (2) that it should be formed into States to be admitted, when formed, into the Union upon a footing equal in all respects with that of the original States; (3) that the expenses incurred by any State in subduing British posts, and in acquiring and defending the territory to be ceded, should be reimbursed; (4) that the manner and condition of the sale of the said lands should be exclusively regulated by Congress.

New York was the first State to give up her claims, doing so on March 1, 1781; Virginia completed her act of cession on March 1, 1784; Massachusetts ceded her claims, April 19, 1785; Connecticut's first cession was made on September 13, 1786; South Carolina ceded her claims on August 9, 1787; North Carolina, February 25, 1790; Georgia, April 24, 1802. Massachusetts and New York made no reservations in their cessions, but Virginia reserved for herself about

* For an excellent brief account of these conflicting claims, see John Fiske, *The critical period of American history, 1783-1789*, pp. 187-188; and Willis Mason West, *American history and government*, pp. 282-283. West gives map showing extent of claims.

3,700,000 acres of land in Ohio known as the Virginia Military Reservation for the support of her troops, and Connecticut about 3,800,000 acres in the northeastern corner of Ohio known as the Western Reserve. North Carolina and Georgia likewise stipulated certain reservations. The western territory ceded amounted to no less than 259,171,787 acres.⁴

The fourth provision of the congressional resolution, passed on October 10, 1780, had provided that the manner and condition of the sale of such lands should be exclusively regulated by Congress.

It was not, however, until May 20, 1785, that Congress undertook to make provision for the manner of survey and sale of Federal lands. This was done in the famous ordinance referred to in the opening sentence of the present account which reads in part as follows:

The surveyors * * * shall proceed to divide the said territory into townships of 6 miles square * * *. The townships, respectively, shall be marked by subdivisions into lots of 1 mile square, or 640 acres, and numbered from 1 to 36.

There shall be reserved for the United States out of every township the four lots being numbered 8, 11, 26, 29 * * *, for future sale. There shall be reserved the lot No. 16 of every township for the maintenance of public schools within the said township.⁵

The policies of the Ordinance of 1785 were first put into effect in 1787 by the passage of an ordinance which authorized the Board of Treasury to contract for the sale of lands to the Ohio Company on the terms and with the reservations demanded by Cutler. This contract ordinance reserved lot no. 16 in each township for schools, lot 29 for the purposes of religion, and two complete townships for the purposes of a university.

The Ordinance of 1785 contained no reservation for an institution of higher learning. It is the ordinance providing the contract for sale in 1787 that first reserved townships to endow a university. These are the two instruments out of which the Federal policy of reserving lands for educational institutions arose. The oft-quoted Ordinance of 1787, which reads in part, "religion, morality, and knowledge being necessary to good government and the happiness of mankind," etc., makes no reservation of lands for schools. The benevolent school-land policy, adopted by Congress and which has been frequently and erroneously attributed to this ordinance, can not be found there. Indeed, the action of Congress during the 10 days following the passage of the Ordinance of 1787 would seem to indicate that Congress deserves little of the praise which has ever since been heaped upon it.

The more important forces which originally influenced Congress in making reservations of school lands may be summarized as follows:

(1) The precedents established by the American colonies and by such a State as Georgia of reserving lands for schools in newly surveyed

⁴ Donaldson, Thomas. *The public domain, its history*, pp. 65-66, 82.

⁵ *Laws of United States of America, 1789-1815*, vol. 1, ch. 32, pp. 688-689.

territory; (2) the need of selling the western lands; (3) the desire to make westward immigration attractive; and (4) interest in the cause of education.

The next large purchase from the Federal Government, after the Ohio Company's, was that made by John Symmes, who purchased 311,682 acres of land in Ohio. Symmes's contract reserved land for schools and religion, and one township for an institution of higher learning. Lot 29 for the support of the ministry was reserved in no instance except in the land purchased by the Ohio Company and by Symmes.

The educational provisions in the ordinances thus far described gave rise to the precedent of granting to every State carved out of public domain, upon its admission into the Union, one or more sections in every congressional township for the benefit of public schools and at least two townships for an institution of higher learning.

The first State in which the Federal Government owned lands to be admitted into the Union was Tennessee (1796), but no Federal grant of school lands was made to this State until 1806, 10 years after its admission, with the result that Ohio, admitted in 1802, was the first State to receive section 16 for the support of schools.

There were within Ohio more than 9,000,000 acres of land, over one-third of the area of the State, in which no school sections had been reserved.⁶ As a consequence of this situation Ohio prepared modifications to the original congressional proposals with the result that Congress granted land equal approximately to one thirty-sixth of the area of all portions of the State not affected by the sixteenth-section grant.

The outcome of this Ohio controversy was far-reaching, for in 1826 Congress passed an act which provided that—

[area proportional to that provided in the regular grants] shall be reserved and appropriated for the use of schools in each entire township or fractional township, for which no land has heretofore been appropriated or granted for that purpose.

The policy which Congress had adopted of granting lands for schools to the Northwest Territory was soon extended to the Southwest. On March 3, 1803, section 16 in each township was reserved within the present States of Alabama and Mississippi, then Mississippi Territory, "for the support of schools within the same."⁷

From 1802 until 1848, in all newly surveyed congressional townships, one section was reserved for the support of schools. On February 15, 1848, John A. Rockwell, a member of the House of Representatives from Connecticut, sought to secure for the State of

⁶ These 9,000,000 acres were situated within the Virginia Military Reserve, the Connecticut Western Reserve, the United States Military Reserve, and miscellaneous grants made by the Federal Government to corporations, individuals, and Ohio. See Swift, Fletcher Harper. A history of public permanent common-school funds, p. 371.

⁷ Laws of the United States, 2:551.

Wisconsin, about to be admitted, section 36 in each township in addition to section 16 for schools. Representative Rockwell's proposed amendment was rejected by a vote of 80 to 58. The influence of this effort was not lost, however, for in the act establishing the territorial government for Oregon, August, 1848, and in the act for Minnesota, approved March 2, 1849, it was provided that sections 16 and 36 in each township should be reserved for the use of schools. The Oregon act was the first act appropriating two sections for schools. The first three States to receive two sections in each township were California, admitted in 1850; Minnesota, 1858; and Oregon, 1859.

VAIN EFFORTS OF ORIGINAL STATES TO SECURE LAND GRANTS.

While Congress had been bestowing millions of acres upon every new State, it had done nothing for any of the original States or the States carved out of them, with the exception of Virginia, Connecticut, and Tennessee, yet by the resolution of 1780 Congress had given its pledge that the western lands ceded to it by the States should be disposed of for the benefit of all. It is not surprising, therefore, that some of the original States unprovided for should have made an earnest effort to secure Federal lands.

In 1821 Maryland passed resolutions stating that all of the States had equal rights in the public lands and that those for whom no appropriations had been made were entitled to such. Copies of these resolutions were submitted to Congress and to the governors of the several States with a request that they submit them to their respective legislatures.

Governor Hester of Pennsylvania, in 1821, urged the legislature of his State to consider the question of uniting with the other original States in demanding of the Federal Government an equitable appropriation of public lands for schools. Connecticut, New Hampshire, Vermont, and Virginia endorsed Maryland's resolutions. Mississippi reported unfavorably upon them. New York drew up and accepted a counter report. Ohio adapted "a long and carefully prepared reply." Here the matter ended.

The States which received no Federal grant of township school lands or any grant of land or money in lieu thereof are as follows: The thirteen original States, and Kentucky, Maine, Texas, Vermont, and West Virginia.

Kentucky, Maine, Vermont, and West Virginia, like the original 13 States, contained no public lands. The Republic of Texas, in 1839, had provided for a reservation of 13,284 acres, increased in 1840 to 17,712 acres, in each county for the support of schools. Upon its admission into the Union, 1845, Texas retained these school lands. The United States had no title to any lands in Texas; consequently, Congress was neither able nor called upon to make grants

of land. In the case of Indian Territory also, admitted as a part of Oklahoma, Congress had "no authority to reserve any lands for schools, because all lands in Indian Territory belonged to the members of Indian tribes. In place of the usual grant of school lands, Congress appropriated \$5,000,000, which became a part of the permanent public school fund of Oklahoma upon the admission of Indian Territory and Oklahoma as one State, in 1907."

Tennessee offers a special case. The territory within the present limits of this State was ceded to the United States by North Carolina in 1790, subject to the location on agricultural lands within the ceded territory of bounty land warrants for North Carolina veterans of the Revolutionary War.* In 1796, Tennessee was admitted into the Union, but the Federal Government retained the title to the public lands within the new State, and it was not until 1806 that Tennessee received a grant of public lands. In that year Congress granted the public lands lying within the State on which the Indian title had become extinct. Thereupon Tennessee passed an act requiring that any acquired lands should be surveyed and laid out "so as to form sections as near 6 miles square as the case will admit," and that 640 acres fit for cultivation should be laid off in such 6-mile square divisions and "appropriated for the use of schools for the instruction of children forever." As a result of this policy Tennessee acquired only 24,000 acres of school lands. Tennessee, on the basis of the Federal policy applied to the other public-land States, would have received over 700,000 acres of school land.*

It was not until 1841 that Congress recognized Tennessee's claim, which it did by making Tennessee the Federal agent for the sale of public lands in the western division of the State, the proceeds to be turned into the Federal treasury. Five years later, the lands which remained unsold were granted to the State together with such part of the proceeds of the lands already sold as had not been turned over to the Federal Government.

Three States, Arizona, New Mexico, and Utah, have received from the Federal Government, for the support of public schools, sections 2, 16, 32, and 36 in each township.

* Table 2, which follows, shows the States receiving no Federal land grants for common schools:

TABLE 2.—*Eighteen States which received no Federal land grants for common schools.*

(The thirteen original States and five admitted later.)

Connecticut.	New Hampshire.	Rhode Island.	Maine (1820).
Delaware.	New Jersey.	South Carolina.	West Virginia (1863).
Georgia.	New York.	Virginia.	Texas (1845).
Maryland.	North Carolina.	Vermont (1791).	
Massachusetts.	Pennsylvania.	Kentucky (1792).	

* Orfield, Matthias Nordberg. *Federal land grants to the States*, p. 41.

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Table 3 shows the States receiving township section school grants for public schools:

TABLE 3.—Federal land grants for common schools.

(States and sections in each congressional township.)

GROUP 1. STATES RECEIVING SECTION NO. 16.

	Acres.		Acres.
Alabama.....	911,627	Louisiana.....	807,271
Arkansas.....	933,778	Michigan.....	1,021,867
Florida.....	975,307	Mississippi.....	824,213
Illinois.....	966,320	Missouri.....	1,221,813
Indiana.....	668,578	Ohio.....	724,266
Iowa.....	988,196	Wisconsin.....	982,329

GROUP 2. STATES RECEIVING SECTIONS NOS. 14 AND 36.

	Acres.		Acres.
California.....	5,534,293	Nevada.....	2,061,967
Colorado.....	3,685,618	North Dakota.....	2,495,396
Idaho.....	2,963,698	Oklahoma.....	1,375,000
Kansas.....	2,907,520	Oregon.....	3,399,300
Minnesota.....	2,874,951	South Dakota.....	2,733,084
Montana.....	5,198,258	Washington.....	2,376,391
Nebraska.....	2,730,951	Wyoming.....	3,470,009

GROUP 3. STATES RECEIVING SECTIONS NOS. 2, 14, 36, AND 38.

	Acres.		Acres.
Arizona.....	8,093,156	Utah.....	5,844,196
New Mexico.....	4,355,662		

Total (not including Alaska).....73,155,075 acres, or 114,304.8 square miles.
 Alaska reservations* (sections 16 and 36).....21,009,209 acres, or 32,826.8 square miles.
 Grand total.....94,164,284 acres, or 147,131.6 square miles.

SALT LANDS.

As early as 1784 George Washington, in a letter to Richard Henry Lee, President of Congress, had suggested reserving for the benefit of the public, all mines, mineral, and salt springs in Federal land grants. An effort was made by Timothy Pickering, of Massachusetts, to secure provision for such a reservation in the Ordinance of 1785, but without success. It was not until 1796 that Congress made its first reservation of salt lands. There was reserved from sale in Ohio a region commonly known as the Six Miles Reservation including the famous Scioto Salt Springs and the adjoining township. In 1802 this reservation, as well as certain other salt land reservations, was granted to Ohio upon its admission to the Union. The original purpose of the salt land grant was primarily to reserve from private exploitation and profit salt mines, and to establish them as sources of public revenue. The land granted in addition to the salt mines was given because necessary for the operation of the mines.

* Reserved but not granted; area estimated.

The precedent once established, all subsequently admitted States have expected to receive from the United States all types of grants made to States previously admitted; "this is in no case so well exemplified as by the salt springs and salt spring lands, for here it has led to the granting of salt springs to States containing springs of no commercial value and to the location of springs that had no existence in order to secure the Adjoining lands." From 1802 until 1875 only five of the newly admitted public-land States failed to receive such grants, namely, California, Florida, Louisiana, Mississippi, and Nevada.

The Ohio salt-land grant amounted to 24,216 acres. Indiana, in 1816, and Missouri, in 1820, each received 23,040 acres. Illinois, in 1818, received 121,629 acres, and 10 States received 48,080 acres each. One of these ten, Wisconsin, in 1854, was permitted to select instead of its salt lands a similar area for its university. Arkansas, Indiana, Missouri, and Ohio devoted the proceeds of their saline lands to their permanent common-school funds. Kansas devoted 30,380 acres to her normal schools and 4,608 acres to her university. Michigan devoted 16,000 acres to normal schools and 30,080 acres to an agricultural college. Wisconsin, as already noted, devoted her entire grant to her university.

In making the grant to Ohio, Congress left it to the option of the State to determine what use should be made of proceeds of the sale of salt lands. In the case of Indiana, although at first Congress did not specify the uses, yet when the State applied for the right to sell these lands, Congress required that their proceeds should be devoted to education. This illustrates a general tendency evident in the acts of Congress with respect to lands granted to the States. At first, it was largely left to the State to determine what method of disposing of such lands would be used and the objects to which proceeds of the sales of the same were to be devoted, but as time has gone on the provisions of Congress have become more and more specific and exacting.

INTERNAL IMPROVEMENT LANDS.

The Federal policy of granting lands for the purpose of internal improvements was the result of a gradual evolution. In the years 1802 and 1803, Congress granted Ohio 3 per cent of the proceeds of the sales of Federal lands lying within its borders to be expended in building public roads within the State and 2 per cent for the building of roads leading to the States. These grants to Ohio were followed by various road, canal, and river improvement grants. In 1841, Congress passed an act providing a grant of 500,000 acres of Federal land to each public-land State for internal improvements. This act was the outcome of a long struggle between the Whigs, who sought

to secure the distribution of the proceeds of the sales of public lands to be used in part for internal improvements, and the Democrats, who opposed such a distribution.

Nineteen States received grants of internal improvement lands under the act of 1841, amounting in all to 11,469,000 acres¹⁰ of land. It should be observed that there was nothing in the congressional act of 1841 indicating, or even suggesting, that the proceeds of the internal improvement lands were to be devoted to public schools. On the contrary, section 9 specifically stated that the proceeds of the sales of Federal lands "should be faithfully applied to objects of internal improvement * * * namely, roads, railways, bridges, canals, and improvements of water courses, and drainage of swamps." Despite these provisions, 9 of the 19 States receiving such grants devoted them all or in part to their respective permanent common-school funds. California created her first permanent State public-school fund from the proceeds of this grant. Iowa, in 1846; Wisconsin, in 1849; Oregon, in 1859; Kansas, in 1861; and Nevada, in 1864, each by its constitution, united its internal improvement lands with its township section lands in the establishment of a permanent common-school fund. Kansas, however, failed to enact the laws necessary to carry out the constitutional provisions respecting her internal improvement lands; so that their proceeds were never added to the State's permanent school fund.

Four States, namely, Alabama, Florida, Nebraska, and Mississippi, devoted all or a considerable portion of their grants to public schools.

SWAMP LANDS.

As early as 1825, North Carolina created a permanent school fund known as the "literary fund." Among the several sources devoted to this fund were included all vacant unappropriated swamp lands in the State. The year following the creation of the North Carolina literary fund, Thomas W. Benton, of Missouri, introduced into the United States Senate a resolution calling for information regarding swamp lands in Missouri and Illinois. In 1848, an attempt was made by the State of Arkansas to secure a grant from the Federal Government of certain overflowed lands lying within the State for education, internal improvements, and other purposes. Soon after this Missouri and Louisiana attempted to secure grants of swamp and overflowed lands partly on the basis, in the case of Louisiana, that the State had already spent vast sums of money reclaiming and protecting these lands.

¹⁰ Obviously the total grant would have amounted to 9,500,000 acres had each of the 19 States received 500,000 acres; but 3 received for "internal improvements, roads, and canals," grants considerably in excess of 500,000 acres as follows: Ohio, 1,619,071; Indiana, 1,918,804; Illinois, 832,200.

As the outcome of these various efforts, Congress, in the year 1850, passed the swamp land grant act. This act, supplemented by later legislation, has given to 15 States profiting thereby an area of between 60,000,000 and 70,000,000 acres.

The swamp land grant is an indefinite grant, since it is of all the swamps and overflowed lands rendered thereby unfit for cultivation and remaining unsold at the date of grant. The acreage given (in any Federal land-grant table) represents the lands claimed up to the time that particular table was compiled. As there is no limit to the quantity the State may claim in the future, the total amount to be granted can not be stated.

The following 12 States have devoted a part or all of the proceeds derived from the sale of swamp land to the support of common schools: Alabama, Florida, Illinois, Indiana, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Ohio, Oregon, and Wisconsin.

Wisconsin provides that 5 per cent of the proceeds of the sales of Federal lands lying within the State shall be added to the principal of the school fund. Florida provides that 25 per cent of the proceeds of the sales of public lands, now or hereafter owned by the State, shall be added to the principal of the State school fund. These are general provisions applying to all lands received from the Federal Government, except school lands, and therefore necessarily include swamp lands. Some States make specific provision that a certain per cent of all the proceeds of swamp lands shall be added to the State permanent common-school fund; thus Oregon adds 10 per cent. Illinois added largely to the permanent county-school funds established in 1835 from the proceeds of the sales of swamp lands. In 1868, Missouri provided for making permanent the county-school funds established in 1839, and in so doing devoted the proceeds of the sales of 3,185,479 acres of swamp lands to these funds.

As the final outcome of legislative and constitutional provisions, which began as early as 1865, Minnesota in 1907 devoted one-half the income of her swamp-land fund to State educational and charitable institutions and provided that the income of the remaining half should be added to that of her permanent school fund and distributed among the common schools of the State. This, in effect, has established a second permanent, public, common-school fund. Indiana, by her constitution of 1851, provided that the surplus of the proceeds of swamp lands, remaining after the expenditure of the amount necessary for reclaiming such lands, be added to the principal of the common-school fund. In 1890, it was estimated that the sum of \$850,000 was due to the common-school fund from this source, but, owing to the dishonesty of swamp-land commissioners and to insufficient legislation, nothing had been added. Mississippi, in her constitution of 1868, provided that the proceeds of swamp lands, with certain specified exceptions, should constitute part of her permanent common-school fund. Ohio has included the proceeds of

swamp lands in her, irreducible debt.¹¹ Michigan established a separate account from the proceeds of sales of her swamp lands.¹² The State uses the money as the proceeds are paid in and pays 5 per cent on this account, whence it is commonly known as the 5 per cent fund, although its official title is the swamp-land fund.

TABLE 4.—Swamp-land grants.¹³

	Acres granted.		Acres granted.
Alabama.....	¹⁴ 439,553.61	Minnesota.....	4,662,967.10
Arkansas.....	7,686,335.37	Mississippi.....	¹⁵ 3,342,640.78
California.....	2,140,765.19	Missouri.....	¹⁵ 3,427,700.39
Florida.....	¹⁵ 20,296,443.32	Ohio.....	26,251.95
Illinois.....	¹⁴ 1,459,708.27	Oregon.....	264,069.01
Indiana.....	¹⁶ 1,259,150.93	Wisconsin.....	¹⁵ 3,356,611.93
Iowa.....	¹⁵ 1,195,833.40	Total.....	64,651,080.06
Louisiana.....	¹⁶ 9,413,200.56		
Michigan.....	¹⁵ 5,679,848.25		

No grants of saline lands, swamp lands, or internal improvement lands were made by Congress to new States after 1888. North Dakota, South Dakota, Montana, and Washington, admitted in 1889; Idaho and Wyoming, in 1890; Utah, in 1897; Oklahoma, in 1907; Arizona and New Mexico, in 1912, received, in lieu of such grants, generous donations for the support of public buildings and specified educational, charitable, and penal institutions. Elementary and secondary schools have been almost entirely excluded from these grants, the only exceptions to this being that Oklahoma received 150,000 acres as a special grant for its university preparatory school, and New Mexico and Arizona were permitted to devote any surplus arising from the proceeds of the sales of 1,000,000 acres granted to each of these States to provide for the payment of county bonds, to the common-school fund. In view of the fact that public schools are specifically excluded (with the exceptions just noted) from the benefits of the grants of these lieu lands, it is evident that these grants do not belong within the scope of the present account.

The acreage of Federal lands received by the States under certain grants has been shown in preceding sections of the present chapter. Table 5, which follows, shows the total acreage of township school sections, salt, internal improvement, and swamp lands, as reported by the General Land Office, 1921.

¹¹ Ohio is one of a small group of States which provide that, as moneys are received from the sale of State school lands, they shall be expended for general purposes, such expenditures to be recognised by the establishment of a permanent debt on which the State pays interest to the schools generally out of moneys derived from taxation.

¹² These were in reality military bounty lands set aside in 1812, later erroneously declared to be worthless and returned to the State. See Swift, *Public permanent common-school funds in the United States*, p. 65.

¹³ General Land Office, land and scrip granted to States and Territories for educational and other purposes. Unpublished type-written tables furnished to the author Apr. 6, 1921.

¹⁴ Includes swamp-land scrip.

¹⁵ Includes swamp-land scrip.

¹⁶ Includes swamp-land scrip.

TABLE 5.—Federal land grants (acres available for public schools).¹

States. ²	Land specifically granted for common schools; congressional township sections.	Other lands used by some States for schools. ¹			Total.
		Salt lands.	Internal improvement.	Swamp lands.	
Alabama.....	911,627.00	23,040.00	500,000.00	439,553.61	1,874,220.61
Arizona.....	8,093,156.00				8,093,156.00
Arkansas.....	933,778.00	46,080.00	500,000.00	7,688,335.37	8,488,193.37
California.....	5,534,283.00		500,000.00	2,140,765.19	8,175,048.19
Colorado.....	3,685,618.00	46,080.00	500,000.00		4,231,698.00
Connecticut.....					
Delaware.....					
District of Columbia.....					
Florida.....	975,307.00		500,000.00	20,296,443.32	21,771,750.32
Georgia.....					
Idaho.....	2,963,698.00				2,963,698.00
Illinois.....	996,320.00	121,029.00	538,368.24	1,459,708.27	3,115,425.51
Indiana.....	668,578.00	23,040.00	1,916,804.56	1,256,150.93	3,867,573.49
Iowa.....	984,196.00	46,080.00	500,000.00	1,195,833.40	2,730,109.40
Kansas.....	2,907,520.00	46,080.00	500,000.00		3,453,600.00
Kentucky.....					
Louisiana.....	807,271.00		500,000.00	9,413,200.56	10,720,471.56
Maine.....					
Maryland.....					
Massachusetts.....					
Michigan.....	1,021,967.00	46,080.00	500,000.00	5,679,848.25	7,247,795.25
Minnesota.....	2,874,951.00	46,080.00	500,000.00	4,652,967.10	8,083,998.10
Mississippi.....	824,213.00		500,000.00	3,342,640.78	4,666,853.78
Missouri.....	1,221,813.00	46,080.00	500,000.00	3,427,700.39	5,195,593.39
Montana.....	5,198,258.00				5,198,258.00
Nebraska.....	2,730,951.00	46,080.00	500,000.00		3,277,031.00
Nevada.....	2,061,967.00		500,000.00		2,561,967.00
New Hampshire.....					
New Jersey.....					
New Mexico.....	4,355,662.00				4,355,662.00
New York.....					
North Carolina.....					
North Dakota.....	2,495,396.00				2,495,396.00
Ohio.....	724,265.00	24,216.00	1,019,071.98	26,251.95	1,793,803.93
Oklahoma.....	1,375,000.00				1,375,000.00
Oregon.....	3,399,360.00	46,080.00	500,000.00	264,069.01	4,209,509.01
Pennsylvania.....					
Rhode Island.....					
South Carolina.....					
South Dakota.....	2,733,084.00				2,733,084.00
Tennessee.....					
Texas.....					
Utah.....	5,844,196.00				5,844,196.00
Vermont.....					
Virginia.....					
Washington.....	2,376,391.00				2,376,391.00
Wisconsin.....	962,329.00		500,000.00	3,354,611.63	4,818,940.63
West Virginia.....					
Wyoming.....	3,470,000.00				3,470,000.00
Total.....	73,156,076.00	606,045.00	11,469,244.78	64,651,080.06	149,881,444.84

¹ The words "available for public schools" are necessary here because this table does not include Federal land grants for universities, colleges of agriculture, etc. It is misleading, however, as in some cases the grants listed in columns 3, 4, and 5 could not be used for public schools without a violation of the terms of the grant.

² Alaska, which will not acquire title to her land grants until admitted into the Union, is not included in this table, the purpose of which is to show land actually granted. Estimated areas of Alaska are as follows: Township school lands, 21,000,000 acres; Federal forest reserve, 20,000,000 acres.

³ As noted in a preceding paragraph, Tennessee, by her own act, set aside out of the Federal grant of 1866, approximately 24,000 acres of lands for public schools; these lands are never included in statements of Federal school-land grants.

UNIVERSITY LANDS DEVOTED TO PUBLIC SCHOOLS.

Arkansas, in 1846, having previously gained the consent of Congress, took what remained of the two townships (46,080 acres), originally granted for the support of a State university, and devoted the same to the support of common schools. Up to 1860, \$92,369 had been derived from the sale of these university lands. Of this total sum, \$89,234 was distributed among the counties and eventually lost through bad investments or diverted from schools to other projects during and following the Civil War.

III. FEDERAL MONETARY AID.

GRANTS AND SUBVENTIONS.

In addition to Federal grants of land from which the States have derived moneys for permanent funds Congress has, from the first, granted moneys which many of the States have devoted to public schools, sometimes disbursing them as current revenue but more frequently employing them either to create permanent common-school funds or to increase those already established. In most cases the moneys have been granted to the States; in a few instances, as in the case of Federal forest-reserve moneys and fines for trespassing upon Federal lands, to the counties within the State.

No conditions were attached to some of the earlier grants of Federal moneys. As time passed it became more and more evident that such conditions must be specified in order to insure to the projects, for which they were intended, the moneys bestowed upon the States by the Federal Government. Thus we have two classes of funds known, respectively, as grants and subventions which are distinguished in Government official reports as follows:

The Bureau of the Census applies the designation "subventions" to those contributions for specified purposes made by the Federal Government to the States, which are granted subject to the formal compliance by the recipient with certain prescribed conditions, while the term "grants" is applied only to such contributions made without the prior establishment of conditions. (Financial statistics of the States, 1919, p. 21.)

Some money grants made by the Federal Government have been and are, for special reasons, limited to one or two of their constituent units, e. g., the \$5,000,000 already noted granted to Oklahoma in lieu of lands in Indian Territory, annual Federal appropriations to cover one-half the cost of maintaining public schools in the District of Columbia, and Federal appropriations for the education of natives in Alaska. However, most Federal grants have been made to all the States constituting the Union at the time the grant was made or at least to all the States entitled to the grant on a basis applicable to a considerable number of States. The most important grants made on such general bases are per centum grants, United States deposit fund of 1833, the surplus revenue distribution of 1837, the distributive fund of 1841, returned war taxes, and war claims.

PER CENTUM GRANTS.

Per centum grants or funds have their origin in the policy adopted by Congress, as already noted, upon the admission of Ohio in 1802, of granting to public-land States a certain per cent of the proceeds of the sales of lands belonging to the United States sold after the State's admission into the Union. These grants have been made on condition that no taxes of any kind should be levied upon lands sold by the Federal Government for a period of five years after the date of the

sale. The purpose of this provision is to prevent any individual from obtaining a tax title under the State before the United States has received full payment of the purchase money.

Twenty-nine States have received per centum grants varying all the way from 5 to 15 per cent. In 1841, Congress granted to Ohio, Indiana, Illinois, Alabama, Missouri, Mississippi, Louisiana, Arkansas, and Michigan, over and above what each of these States was entitled to by the terms of admission into the Union, 10 per cent of the net proceeds of the sale of public lands made after December 31, 1841, thus making the per centum grants of these States 15 per cent.

Congress has always specified the purpose to which the proceeds of per centum grants might be devoted. The grant to Ohio provided that the proceeds were to be expended on the construction of roads. Prior to 1889, the purpose specified by Congress was generally, though not always, internal improvements; from 1889 onward the support of common schools has been the specified object.

Sixteen States by terms of the congressional grant were required to use their per centum fund for education; three others have done so, making a total of 19. The following 16 States provided by their constitutions that moneys derived from per centum grants shall be added to the principal of the permanent school fund: Arizona, California, Iowa, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, and Wyoming. The original grants to Iowa and Wisconsin required that their per centum moneys should be used for public roads and canals. However, in 1846, Iowa devoted her per centum fund to the support of common schools by making it a part of her common-school fund; and Wisconsin, in the same year, devoted her grant to the support of common schools, academies, and normal schools.

Table 6, which follows, shows the moneys received up to June 30, 1920, from per centum grants and the use made of the proceeds by those States devoting the same to education.

In the case of the 5 per centum grants and the forest-reserve fund grants, to be described later, Congress might have exercised a power impossible in the case of land grants, that is, it would have been possible for Congress to stipulate conditions which must be met by the States upon pain of forfeiting their annual quotas. This was actually done in 1822 when Congress undertook to require Alabama, Missouri, and Mississippi to render an annual account of the receipts and uses of their respective per centum funds, and provided that, if such reports were not rendered, the State's quota was to be withheld:

This is the only case in which the Federal Government ever sought to supervise the action of States in regard to the use of the 5 per cent fund, and this requirement was not long continued. In 1831, Congress concluded that it was improper, because not included in the original compacts, vexatious to the States, troublesome to the Treasury Department, and of no consequence from any point of view.¹⁰

¹⁰ Quoted from Orfield, Matthias Nordberg. Federal land grants to the States, p. 81, based upon Congressional debates, 7: 484; Laws of the United States, 8: 309-310.

TABLE 6.—Moneys received up to June 30, 1920, from per centum grants and use made of same.¹

States.	Aggregate, June 30, 1920.	Educational use.
Alabama.....	\$1,080,265.79	
Arizona.....	27,390.23	State permanent school fund.
Arkansas.....	329,810.80	
California.....	1,148,213.97	Permanent school fund.
Colorado.....	509,725.44	
Florida.....	144,061.13	
Idaho.....	290,793.55	For schools.
Illinois.....	1,187,904.49	Three per cent of proceeds to education.
Indiana.....	1,040,253.26	
Iowa.....	633,634.10	Permanent school fund.
Kansas.....	1,127,987.59	State permanent school fund.
Louisiana.....	469,077.52	Ten per cent to free school fund.
Michigan.....	588,697.25	For schools.
Minnesota.....	593,897.61	
Mississippi.....	1,071,440.47	
Missouri.....	1,061,105.54	
Montana.....	665,061.10	State permanent school fund.
Nebraska.....	574,157.87	Permanent school fund.
Nevada.....	43,476.36	State permanent school fund.
New Mexico.....	142,930.23	Permanent school fund.
North Dakota.....	538,534.63	Do.
Ohio.....	998,338.01	
Oklahoma.....	48,763.81	State permanent school fund.
Oregon.....	755,502.27	Do.
South Dakota.....	845,723.08	Permanent school fund.
Utah.....	145,757.84	(Perpetual) State school fund.
Washington.....	429,291.98	State permanent school fund.
Wisconsin.....	586,645.26	Do.
Wyoming.....	295,629.53	Perpetual common school fund.
Total.....	16,792,261.03	

¹ Aggregate amounts taken from report of the Commissioner of the General Land Office for the fiscal year ended June 30, 1921, p. 85. Educational uses compiled from original documents, i. e., State constitutions and laws. See also Keith and Bagley. The Nation and the schools, table, p. 54.

UNITED STATES DEPOSIT FUND OF 1833.

As already noted, the Federal Government has specified the uses to be made by the States of moneys derived from per centum grants, and since 1889 has required that such moneys be expended on common schools. In contrast with such a policy the United States has, from time to time, distributed among the States grants the use of which it has not sought to control, but which many States have devoted in full or in part to common schools. The most important grants of this class are those arising from the distribution of the surplus revenue of 1837, the deposit fund of 1833, and moneys apportioned under the "distributive act" of 1841.

In 1833, President Jackson caused the withdrawal from the United States Bank of the Government deposit of \$10,000,000, which amount the Federal Government thereupon distributed among the various State banks. Indiana used part of this as a basis for a permanent common-school fund. On January 13, 1834, Indiana chartered a State bank consisting of 10 banks located in different parts of the State. On shares of stock held by individuals an annual tax of 12½ cents a year was imposed. The charter of the State bank provided that the money derived from the proceeds of this tax "shall constitute a part of the permanent fund to be devoted to purposes of common-school education." In 1851, this fund became a part of the principal of the common-school fund, adding to this latter fund about \$80,000.¹⁷

¹⁷ Switz, F. H. A history of public permanent common-school funds in the United States, pp. 203-04.

SURPLUS REVENUE LOAN OF 1837.

By the second quarter of the century, and within a single generation of Washington, and especially during the decade after 1827, the prosperity of the country was almost without precedent. The national debt had been liquidated, and there actually remained in the Treasury a surplus of about forty million dollars.

By an act of Congress, approved June 23, 1836, entitled, "An act to regulate the deposits of public money," it was provided that the money remaining in the United States Treasury on January 1, 1837, except the sum of \$5,000,000, should be deposited with such of the States of the Union, in proportion to their number of Representatives in Congress, as should by law authorize their treasurers or other authorities to receive the same on the terms specified. The terms of the act made it a loan, not a permanent grant. An official receipt was required and an obligation on the part of the State to pay the amount received or any portion of it when called for by the Secretary of the United States Treasury. Not more than \$10,000 could be demanded from a single State without 30 days' notice. It was estimated that there would be \$37,468,859.47 in the Treasury on January 1 to be loaned to the States. The entire sum was to be distributed to the States in four installments of \$9,367,214.87 each, and all four during the year 1837-38. Only three installments were ever paid, amounting to about \$28,000,000.

The money thus loaned to the 26 States, then constituting the United States, has never been called for by the Federal Government, and in all probability never will be. Many of the States, in practice at least, have regarded it as a permanent gift. By far the majority of the States set apart their portion, or a fraction of it, for the support of common schools. The income, or a portion of it, has reached the common schools in every State except four, Michigan, Mississippi, South Carolina, and Virginia.

At least 5 States, Alabama, Delaware, Louisiana, Missouri, and New York, set apart all of their respective shares as a separate fund or united it with the permanent common-school fund already established. North Carolina received \$1,433,757. She provided that all of her share except \$300,000 should be added to her literary fund. Five States, Maryland, Indiana, Illinois, Kentucky, and Georgia, devoted the interest on a fraction of their shares to the support of common schools, making this portion of their respective loans practically a permanent fund or loan for common schools.

Maine distributed her share chiefly per capita; a small part of it was devoted to the schools. Massachusetts and New Hampshire distributed their shares among the towns. In both States some towns used the income for schools.

In Portsmouth, N. H., the inhabitants voted to divide the revenue which fell to the town per capita. The sum due to each man, woman, and child was between 2 and 3 dollars. An agent was appointed to receive and distribute the money. About 200 suits were almost immediately commenced against him as trustee to individuals owing small sums, and he was thus placed in a rather embarrassing position.

Connecticut deposited all her share except about \$1,000 with the towns. The loan thus made became known as the town deposit fund. Until 1855, three-fourths, and since 1855 the whole of the income of this fund, according to Bourne, was devoted to aid common schools. Vermont loaned her entire amount to the towns, which were held responsible to the State in the same manner that the State is responsible to the Federal Government. Investigation carried on by the Vermont State department of education, in 1906, revealed the fact that 80 per cent of the towns had absorbed their portion of the United States deposit fund. Such towns pay interest on their portion of the fund at the rate of 6 per cent.

The following table shows the grants received by the States constituting the Union in 1837, the use they made of their respective shares, and the present condition of the principal so far as it has been possible to ascertain this.

TABLE 7.—*Surplus revenue loan, 1837—Uses and final disposition.*¹

States.	Share received.	Set apart as a permanent fund or deposit for common schools.	Amount of portion thus set aside diverted, lost, or exhausted.	Original use of principal.	Final disposition or present condition of principal.
Alabama.....	\$959,086	\$959,086	\$959,086	Used for capital of State bank and branches; interest used for schools till 1843 and since 1854.	Credit fund.
Arkansas.....	286,751	286,751	286,751	Entire amount used as principal of the Bank of the State of Arkansas. Law devoted interest to schools, but law was dead letter; little, if any, ever reached the schools.	Credit fund.
Connecticut.....	764,670	764,670	.....	All except \$1,000 was divided among the towns; most has been lost by towns, which, however, continued to pay interest.	Town credit fund.
Delaware.....	286,751	286,751	.....	Invested in bank and railroad stock.	Practically part of public-school fund.
Georgia.....	1,051,422	350,000	350,000	Interest on one-third was appropriated for schools, but probably used for State general expenses till 1870.	Lost; apparently not recognized as a debt by Georgia.
Illinois.....	477,919	335,592	335,592	Principal loaned by State and used for extravagant internal-improvements; interest devoted to common schools.	Principal exhausted; continued as a credit fund; State now pays 6 per cent interest on \$335,592 to the school fund.
Indiana.....	860,264	567,126	567,126	Two-thirds distributed among counties to be loaned. Interest on loans devoted to common schools. One-third used for capital of State bank. Made part of permanent common-school fund, 1851.	Credit fund.
Kentucky.....	1,433,757	850,000	850,000	In 1837, \$850,000 put into school fund, but interest used to pay State expenses. In 1861, school portion and interest due were capitalized at \$1,328,770; State pays interest on this to school fund.	Seized by State; Credit fund.

¹ Data in Table 7 are taken chiefly from *A History of Public Permanent Common-School Funds*, by F. H. Swift, pp. 74-78; and from Keith and Bagley, *op. cit.*, pp. 57-66.

TABLE 7.—*Surplus revenue loan, 1837—Uses and final disposition—Continued.*

States.	Share received.	Set apart as a permanent fund or deposit for common schools.	Amount of portion thus set aside diverted, lost, or exhausted.	Original use of principal.	Final disposition or present condition of principal.
Louisiana.....	\$477,919	\$477,919	\$477,919	Used for State debts; constitution of 1852 set aside interest for school fund; constitution of 1864 repealed this provision; since 1876 interest is paid by State to school fund.	Permanent debt; interest devoted to common schools.
Maine.....	655,838			Distributed among towns, some of which used it for schools.	
Maryland.....	655,838	681,797	681,387	\$681,387 set aside for school fund. Money spent for internal improvements; \$1,000 of interest goes annually to education of blind, and \$34,069 is distributed to schools.	Credit fund.
Massachusetts....	1,348,173			Some used for schools; most used for town expenses.	
Michigan.....	286,751			Used for current expenses and an internal improvement fund.	
Mississippi.....	382,335			Spent for State expenses by 1842.	
Missouri.....	382,335	382,335		Invested until it amounted to \$500,000; invested now in State bonds; interest goes to common schools.	Constitutes a part of the State permanent public-school fund
New Hampshire....	669,046			Divided among towns, some of which used it for schools.	
New Jersey.....	764,679	611,743		Distributed to counties and by them to townships on basis of State tax paid. Used for schools, buildings, and other township expenses; about \$400,000 is now a lost fund on which interest is paid annually by a tax.	Credit fund.
New York.....	4,014,520	4,014,520	333,862	Deposited with counties to be loaned at 7 per cent; badly managed in some counties.	Income spent for schools, libraries, and principal of fund.
North Carolina....	1,433,757	1,133,757	1,133,757	\$300,000 was added to the literary fund at once; eventually all the surplus revenue received except \$100,000 was devoted to the support of schools. Loss due to Civil War and reconstruction evils; borrowed by the State.	State repudiated debt.
Ohio.....	2,077,260			Distributed among counties; loaned at 6 per cent; 5 per cent devoted to schools. In 1851 "Balance," not known, was added to common school fund.	Apparently continued as a credit fund.
Pennsylvania.....	2,867,514			By 1840, whole of fund had been used for State expenses.	
Rhode Island....	382,335	382,335	228,794	In 1836 the interest from the entire amount was devoted by law to common schools; but only \$155,541 appears to have been made a part of the permanent school fund; the State appears not to recognize her indebtedness.	
South Carolina....	1,051,422			Invested in stocks, to the credit of the State; lost in the Civil War.	
Tennessee.....	1,433,757		1,433,757	From 1841 to 1865, interest devoted largely to common schools; but no part of the principal was ever set apart for a permanent school fund.	Exhausted in banking.
Vermont.....	669,066	669,066	500,000	At first loaned to towns, which exhausted most of it; in 1866 made a part of the State permanent school fund.	About 30 per cent of principal is intact; about 80 per cent is a credit fund.
Virginia.....	2,196,427			In 1867 transferred \$225,792 to "Literary" or school fund; interest on this paid to time of the Civil War.	Lost.

DISTRIBUTIVE FUND OF 1841.

Following the distribution of the surplus revenue in 1837 attempts were made to secure an annual distribution of the net proceeds of the public-land sales. Previous paragraphs have noted that in 1841 Congress provided for a grant of 500,000 acres of land to certain public-land States for internal improvements and added 10 per cent to the per centum grant to Ohio and eight other States. The same act which provided for these two grants attempted to provide also for the distribution among all the 26 States of the Union, the District of Columbia, and the Territories of Wisconsin, Iowa, and Florida, on the basis of their "respective Federal representative population," of the net proceeds of the sales of public lands after deducting the amounts required to pay the per centum grants to which the States were severally entitled.

The use to which such moneys were to be put was to be determined by the States and Territories receiving them, except in the case of the District of Columbia, which was required to devote her share "to free schools or education in some other form." Only one distribution was made under the terms of this act, the total amount being \$691,116.45.¹⁸ Tennessee devoted her share, amounting to \$29,703, to her school fund.¹⁹ The quota allotted to the District of Columbia and which she devoted to schools amounted to \$1,643.72.²⁰

FEDERAL FOREST-RESERVE COUNTY FUNDS.

Chapter 192 of the Acts of Congress, May 23, 1908 (United States Statutes at Large, vol. 35, pp. 251, 260), provides that hereafter 25 per cent of all moneys received from each forest reserve during any fiscal year, including the year ending June 30, 1908, shall be paid at the end thereof to the State or Territory in which said reserve is situated, to be expended as the State or Territorial legislature may prescribe for the benefit of the public schools and the public roads of the county or counties in which the forest reserve is situated. By this means the Federal Government seeks to compensate the counties for the loss of revenue which they suffer owing to the fact that these forest reserves, as Federal lands are not subject to State or local taxation.

Twenty-seven States contain national forest reserves, in areas varying all the way from approximately 19,000,000 acres in California to 18,000 acres in South Carolina. The income is derived chiefly from the sale of forest-reserve timber and from fees paid for grazing rights. Amounts of negligible importance are derived from rents or leases of forest reserve sites for summer cottages, camps, and from other miscellaneous sources. The total receipts from Federal forest

¹⁸ Amounts here given are taken from Edith and Bagley, *The Nation and the schools*, p. 61.

reserves during the year 1920-21 amounted to over \$4,000,000. From this fund there was available for schools and roads something over \$1,023,000.

The quotas of the total annual revenues received by the individual States vary greatly. During the year 1921 California received over \$166,000 whereas Arkansas received \$12,400. Owing to the fact that the quota received by the State is divided among the counties in proportion to the areas of Federal reserves within each, county quotas are also very unequal. The quotas distributed among 39 counties in California in 1917 varied from \$17,656 apportioned to Fresno County to \$36 apportioned to Orange County. The quotas distributed among 21 of the 75 counties of Arkansas in 1921 varied from \$2.44 (Washington County) to \$2,766 (Scott County).

The Federal act places upon the State or Territory the responsibility of determining the proportion of its Federal forest-reserve moneys to be devoted to schools and the proportion to be devoted to roads. Consequently, the practice varies with the State. Thus, Arkansas required counties to spend one-fourth of forest-reserve moneys upon public roads and the remaining three-fourths upon public schools. California, on the other hand, devotes 50 per cent of such moneys to the county road fund and the remaining 50 per cent to the county school fund.

From these facts it is evident that, however, helpful the Federal forest-reserve fund may be to individual counties in certain States, it can never be depended upon to play any large part in equalizing school revenues and educational burdens throughout the United States nor even within the States receiving aid therefrom.

Table 8, which follows, shows: (1) The States in which no national forest reserves are situated; (2) the States in which such reserves are situated, together with the acreage. Table 9 shows the moneys paid to the States for roads and schools, 1906 to 1922, as reported by the Forest Service of the United States Department of Agriculture.

TABLE 8.—Federal forest reserves, June 30, 1920.

I. TWENTY-ONE STATES CONTAINING NO FEDERAL FOREST RESERVE.

Connecticut, Delaware, Indiana, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Wisconsin.

II. TWENTY-SEVEN STATES CONTAINING FEDERAL FOREST RESERVES.¹⁰

Group 1. Six States with over 10,000,000 acres.

California.....	18,891,161	Colorado.....	13,274,187
Idaho.....	18,682,081	Oregon.....	13,111,928
Montana.....	15,942,821	Arizona.....	11,367,632

¹⁰ From data compiled by Forest Service, U. S. Dept. of Agriculture. It should be noted that these areas are considerably less than those reported by the Commissioner of the General Land Office. See Report, 1921, pp. 81-82. The commissioner's acres include acreage reported by the Forest Service under the title of "Other lands." These "other lands" include lands owned by the State or by private owners, taken up before the United States made its reservation. It is obviously misleading to include them in a statement of national forest reserves.

Group 2. Seven States with 1,000,000 to 10,000,000 acres.

Washington.....	9,939,889	Nevada.....	4,985,066
Wyoming.....	8,468,197	South Dakota.....	1,085,671
New Mexico.....	8,308,434	Minnesota.....	1,046,744
Utah.....	7,414,696		

Group 3. One State with 500,000 to 1,000,000 acres.

Arkansas.....	915,649
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Group 4. Five States with 200,000 to 500,000 acres.

New Hampshire.....	355,472	North Carolina.....	259,112
Virginia.....	310,011	Nebraska.....	205,944
Florida.....	308,408		

Group 5. Eight States with less than 200,000 acres.

Tennessee.....	113,724	Oklahoma.....	61,480
Georgia.....	107,745	Alabama.....	49,561
West Virginia.....	98,527	Maine.....	27,860
Michigan.....	89,466	South Carolina.....	18,454

Total Federal forest reserves (exclusive of Alaska)²⁰ 135,452,313TABLE 9.—Federal forest-reserve moneys paid to States and to Alaska for road and school fund, 1906-1922.^a

States.	1906	1907	1908	1909	1910	1911	1912	1913	1914
Alaska.....	8271	8367	82,663	82,519	84,101	80,872	811,699	813,126	814,662
Arizona.....	7,941	17,308	42,631	38,813	51,670	71,671	80,389	110,898	94,128
Arkansas.....			314	1,687	2,904	3,467	6,709	12,854	9,983
California.....	8,164	16,084	53,183	47,658	60,753	53,717	62,053	74,542	65,032
Colorado.....	12,620	15,793	59,761	60,621	50,303	62,372	63,759	54,923	56,340
Florida.....					706	1,381	2,655	3,250	3,899
Idaho.....	6,520	10,862	71,423	48,863	66,073	52,164	89,524	78,164	59,228
Kansas.....	102	119	644	1,173	1,005	919	1,223	1,169	1,296
Michigan.....						4	6	168	79
Minnesota.....				23	457	1,310	1,254	201	539
Montana.....	5,768	20,065	61,942	78,172	83,678	74,021	80,616	65,234	93,586
Nebraska.....	790	1,018	2,330	2,637	2,820	3,183	4,076	3,090	1,664
Nevada.....	34	2,124	4,833	15,969	16,314	12,126	15,086	16,557	16,894
New Mexico.....	4,673	9,614	26,465	20,770	28,701	30,081	37,009	40,005	43,634
North Dakota.....					64	72	71	68	75
Oklahoma.....	97	126	554	683	626	274	878	673	639
Oregon.....	7,546	12,961	32,319	33,121	30,636	35,612	42,860	55,961	61,607
South Dakota.....	3,596	2,732	8,253	10,401	9,809	14,197	10,565	11,437	14,470
Utah.....	9,004	13,557	22,681	23,298	22,908	34,869	33,760	24,902	37,601
Washington.....	1,922	3,732	12,855	16,018	23,672	24,112	31,765	33,110	35,638
Wyoming.....	6,778	16,221	35,170	34,747	34,705	30,127	30,637	21,341	28,578
Appalachian States.									
Georgia.....									16
New Hampshire.....									206
North Carolina.....									21
Tennessee.....									613
Virginia.....									
West Virginia.....									
South Carolina.....									
Alabama.....									
Maine.....									
Total.....	78,781	153,083	447,063	441,522	510,907	615,073	554,380	632,141	638,808

^a Grand total paid to States, \$11,149,082. Data for years 1906-1915 taken from printed statement prepared by Forest Service, U. S. Dept. of Agriculture, issued Jan. 20, 1916, entitled: "National Forest receipts for the benefit of schools and roads;" data for years 1916 to 1922 taken from typewritten statement furnished, by Forest Service, United States Dept. of Agriculture, upon author's request.

²⁰ Alaska Federal forest reserve, area of 20,679,740 acres (estimated), if added to the above total of 135,452,313 acres gives a grand total of 156,132,053 acres.

TABLE 9.—Federal forest-reserve moneys paid to States and to Alaska for road and school fund, 1906-1922—Continued.

States.	1915	1916	1917	1918	1919	1920	1921	1922
Alaska.....	\$11,166	\$15,023	\$16,680	\$24,142	\$25,457	\$26,730	\$14,756	\$11,436
Arizona.....	89,774	64,025	81,037	92,586	113,153	124,626	100,632	66,546
Arkansas.....	8,730	11,284	12,773	9,491	16,564	17,752	12,438	7,897
California.....	67,612	80,050	100,983	108,603	129,260	181,003	166,450	157,191
Colorado.....	59,219	63,995	76,585	89,104	115,049	118,512	98,024	76,881
Florida.....	2,337	3,799	2,502	2,311	4,078	6,112	3,940	4,023
Idaho.....	75,651	67,396	92,471	107,177	115,768	124,846	120,889	97,741
Kansas.....	1,357	5						
Michigan.....	198	253	35	90	147	843	843	65
Minnesota.....	1,972	5,761	2,275	8,035	2,944	6,659	3,409	651
Montana.....	79,590	89,852	116,622	76,598	85,043	99,017	73,418	57,000
Nebraska.....	1,401	1,637	2,019	2,309	3,601	3,473	1,111	1,011
Nevada.....	16,244	17,597	19,757	21,676	30,688	29,710	25,226	14,194
New Mexico.....	41,098	35,511	58,507	68,572	84,061	77,862	58,657	44,976
North Dakota.....	82	79	18					
Oklahoma.....	760	985	1,520	1,510	1,327	1,416	1,990	367
Oregon.....	49,676	77,029	98,681	95,187	115,408	121,634	111,393	110,015
South Dakota.....	12,988	15,445	15,960	15,301	16,784	21,323	20,509	14,846
Utah.....	68,676	48,393	51,704	57,307	68,651	65,511	53,608	39,788
Washington.....	37,446	37,205	49,455	42,457	54,773	74,262	64,828	60,304
Wyoming.....	65,067	37,827	35,745	40,596	58,531	63,076	65,316	44,967
<i>Appalachian States.</i>								
Georgia.....	77	93	106	431	1,050	1,814	1,417	1,573
New Hampshire.....	137	492	1,379	3,170	4,930	5,422	5,542	3,553
North Carolina.....	401	446	1,195	1,575	5,559	7,662	7,722	7,689
Tennessee.....	94	2-7	418	1,224	2,134	6,007	4,459	3,434
Virginia.....	2-3	1,037	2,019	5,731	3,293	5,388	4,768	5,760
West Virginia.....	2	58	417	736	239	324	1,110	607
South Carolina.....			4	97	220	171	164	121
Alabama.....				32	123	147	202	176
Maine.....				267	447	425	465	281
Total.....	649,067	695,542	848,878	876,335	1,089,898	1,180,065	1,023,062	846,643

FEDERAL MINERAL ROYALTY GRANT, 1920.

Chapter 85, Acts of the Sixty-sixth Congress, approved February 23, 1920, entitled, "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain;" etc. (United States Statutes at Large, vol. 41, part 1, Public Laws, pp. 437-451) provides that:

Deposits of coal, phosphate, sodium, oil, oil shale, or gas, and lands containing such deposits owned by the United States, including those in national forests, but excluding lands acquired under the act known as the Appalachian forest act, approved March 1, 1911 (36 Stat., 961), and those in national parks, and in lands withdrawn or reserved for military or naval uses or purposes, except as hereinafter provided, shall be subject to disposition in the form and manner provided by this act to citizens of the United States, or to any association of such persons, or to any corporation organized under the laws of the United States, or of any State or Territory thereof, and in case of coal, oil, oil shale, or gas, to municipalities.

Under the terms of this act, commonly known as the oil and mineral leasing act, public-land States in which are situated Federal lands containing nonmetallic mineral deposits of the classes covered by the act are entitled to 20 per cent for past production and to 37½ per cent for future production of the moneys paid to the United States as bonuses, royalties, and rentals for the lease of such lands, providing that all moneys accruing to the United States from land

within the National Petroleum Reserve shall be deposited in the United States Treasury as miscellaneous receipts.

Moneys other than those paid to the States shall be disposed of as follows: Ten per cent, excluding moneys from Alaska, shall be paid into the Treasury of the United States and credited to miscellaneous receipts; to miscellaneous receipts shall be credited also, as just noted, all moneys accruing to the United States under the provisions of this act from lands within the Naval Petroleum Reserve.

This act, like the forest reserve act, provides that the moneys granted to the States shall be devoted to public roads and to education. It rests with the individual State to determine what proportion of the proceeds shall be devoted to either of these projects. California, as we shall see, devotes the entire proceeds to junior colleges. Whereas moneys derives from the Federal forest reserve fund must go to the counties, the moneys accruing from the oil and mineral leasing act go directly to the respective States and thus constitute State funds. Moneys devoted to education by a State need not necessarily be used for public schools, but may be devoted to other educational institutions. Wyoming devotes 10 per cent to her State university.

The oil and mineral leasing act is the most recent grant of its kind; consequently, it is difficult to secure detailed information regarding it at the present writing. According to a statement received from the General Land Office of the United States and dated August 11, 1922, eight States received grants under the terms of this act during the fiscal year 1921; and nine States during the year 1922. The total State receipts during the fiscal year 1921 amounted to \$10,373,165.52, and during the fiscal year 1922, to \$7,336,921.06, making a total for the two years of \$17,710,086.58. The following table shows the total amount derived from bonuses, royalties, rents, and leases of nonmetallic mineral lands in the eight States referred to, and the amount paid to each State.

TABLE 10.—Federal royalty fund, 1921.¹

States.	Receipts in fiscal year 1921 during or on account of production.	
	Total royalties.	Amount paid to State.
California.....	\$6,437,107.41	\$777,061.32
Idaho.....	100.00	27.50
Louisiana.....	532.20	199.58
Montana.....	128,175.05	43,168.12
New Mexico.....	210.00	78.73
North Dakota.....	45.25	16.97
Utah.....	800.00	300.00
Wyoming.....	3,800,195.61	985,943.80
Total.....	10,373,165.52	1,809,806.98

¹ From statement furnished the author, Aug. 11, 1922, by the General Land Office.

We see from the foregoing table that the grants paid to the eight States, during the fiscal year 1921, were of negligible importance, except in the case of California, Montana, and Wyoming. California and Wyoming have both made careful provision regarding the use of their respective Federal mineral royalty grants. The interest of the congressional act of February 23, 1920, lies not only in the large grants received under it, by California and Wyoming, but also in its possibilities, for should nonmetallic mineral deposits of great value be discovered in any of the public domain, they would thus become a source of revenue to the State in which they were situated. We may conclude our account of this fund by a brief statement of the action taken by California and Wyoming, respectively.

California, by an act approved May 27, 1921, accepted the terms and provisions of this congressional act, and provided that the entire proceeds derived therefrom shall constitute a current fund to be known as the State junior college fund. This fund shall be used for the maintenance of junior colleges provided that any excess not required for the maintenance of such colleges shall be added to the State school fund and thus devoted to elementary schools.

The State of Wyoming has provided that 50 per cent of her quota of moneys derived under the said congressional act shall be devoted to salaries of rural-school teachers. Wyoming designates this fund as the Government royalty fund. According to a statement in the Wyoming Educational Bulletin, June, 1922, page 1, the Government royalty fund, on April 30, 1922, amounted to \$1,148,000. This bulletin contains the following quotation from the Wyoming State Tribune, issue of June 17, as to the income from the Government royalty fund and the distribution of the same.

Since the State's fiscal year does not end until July 1, 1922, it is necessary to approximate the year's return from this source, which at the same rate would be about \$1,378,726.44, or an increase over last year's royalties of \$392,000. Last year was the first that the States have benefited from the act of Congress returning royalties from minerals produced within the various States.

This Government royalty fund is divided among the State's activities as follows: Two per cent goes to each county in proportion to the oil and gas production of each county; 10 per cent is credited to the University of Wyoming for the construction, equipment, and furnishing of new buildings and for the repairing of the present structures; 38 per cent goes to the State highway commission for road construction and maintenance, while 50 per cent is distributed among the various counties for school purposes on a basis of the number of teachers employed during the preceding year.

Fifty per cent of this estimated fund equals \$689,363.22. The annual reports from county superintendents are not due until August 1, so that at the present time the exact number of teachers to be used in the 1922 distribution is not known.

The distribution per elementary, rural, and high-school teachers will be somewhere near \$250 per elementary and rural teacher and \$375 per high-school teacher. This will be most substantial and welcome financial assistance to school districts.

MISCELLANEOUS.

FEDERAL FINES.

The Federal criminal code, sections 52 to 54, provides that all fines collected for injuring by fire the public domain shall be paid into the public-school fund of the county in which the lands are situated. These fines, though collected in the county and turned into the county school fund, are levied under the Federal law for infringement upon the Federal property. They are, therefore, evidently Federal moneys devoted to common schools. An intensive study, covering one-fifth of the States of the Union, has failed to reveal any statement of the amount of revenues received from this source. This may be due to the fact that such moneys are of negligible importance and are consequently included in that composite and unitemized group commonly headed miscellaneous.

WAR CLAIMS AND TAXES.

Some States have devoted to their permanent endowments for common schools, moneys claimed and received from the Federal Government for services rendered in war or returned as reimbursements for Federal taxes previously levied. In 1828, the State of Maine provided for the establishment of her permanent school fund for the benefit of primary schools. This act reserved, together with certain State lands, all moneys received by Maine in payment of war claims for services rendered in 1812. In 1835, a repeal act deprived the permanent school fund of these moneys which were thereupon used for general purposes. In 1861, Congress passed an act directing that a direct tax of \$20,000,000 be annually laid upon the United States, and apportioned among the States and Territories according to the provisions of the act.²¹ In 1891, an act was passed providing for the return of this tax to the States and Territories.²² Massachusetts,²³ Kentucky,²⁴ and South Carolina²⁵ are among the States which have provided that the moneys received as the result of this act should be added to their permanent school funds. As the result of these acts Kentucky added \$606,641.03 to her permanent school fund; and Massachusetts \$696,407.88 to her school fund. By the same act by which Massachusetts added the proceeds of the direct tax to her school fund, she also added \$12,043.73 of United States war claims.²⁶

Vermont, in 1906, by No. 54 of the acts of that year, created a permanent fund for public-school purposes. Among the moneys devoted to this fund were \$240,000 returned to Vermont in settlement of Civil War claims. The creation of this fund was the beginning of a new period in the history of permanent school funds in Vermont.

²¹ U. S. Statutes at Large, 1861, Ch. XLV, sec. 8, p. 204.

²² U. S. Statutes at Large, 1891, ch. 496, p. 822.

²³ Fifty-seventh Annual Report, Board of Education of Mass., 1892-93, p. 102; Laws of Ky., act approved Mar. 12, 1892; Constitution of South Carolina, 1895.

REIMBURSEMENT FOR TUITION OF INDIAN CHILDREN.

UNIQUE SITUATION IN OKLAHOMA.

Indian children whose parents have not acquired full citizenship are wards of the Federal Government, and are not entitled to free admission to the public schools, which are State and not Federal institutions. This somewhat unique situation exists in California, Oklahoma, and in certain other States. For some of these children, the Federal Government provides schools of its own; for others it makes appropriations to pay the tuition fees of such Indian children as attend the regular public schools. To meet this situation, California empowers boards of school trustees or city boards of education to enter into contracts with the National Government "to receive money from said National Government for the Indian children in attendance in the schools under the jurisdiction of said boards, in addition to any money that may be appropriated for such schools by the State and county." California official reports available contain no records of the receipts from this source, such moneys probably being included under the caption of "Miscellaneous receipts."

The situation in Oklahoma is of peculiar interest, owing to the fact that this State contains a larger number of Indians than any other State in the Union. Lands owned by Indians who have not acquired citizenship are not subject to taxation; consequently, the schools of the State are deprived of the income which would ordinarily be derived from the levying of school taxes. The report on Indian education, submitted to the Bureau of Education as a part of the survey of education in Oklahoma, carried on under the direction of the bureau in the year 1922-23, estimated that there are in Oklahoma at the present time, no less than 6,700,000 acres of untaxable Indian land. The taxable value of these lands, estimated at their average tax value, \$18.33 per acre, amounts to \$122,800,000. It will be seen that a tax of 10 mills on these lands would produce an annual income of \$1,228,000. Table 11, which follows, shows that in 1922 the United States paid to the public schools of Oklahoma only \$197,932 for the tuition of Indian children attending public schools. In addition to this, the United States paid \$372,000 for the education of Indian children in Federal schools.

TABLE 11.—*Moneys paid by the United States for the education of Indian children in Oklahoma, 1922.*^a

United States gratuity appropriations:

1. Tuition and aid for public schools among the Five Civilized Tribes.....	\$175,000. 00
2. Public-school tuition in western Oklahoma.....	22,932. 12
Total public-school support.....	197,932. 12
3. Support of Indian children in United States Indian schools, from—	
(a) Five Civilized Tribes.....	120,000. 00
(b) Western Oklahoma.....	252,000. 00
Total expenditures United States Indian schools.....	372,000. 00

Payments from tribal funds:

1. Support of tribal schools.....	242,800. 50
2. Contract schools among Five Tribes.....	41,997. 64
Total expenditures tribal funds.....	284,798. 14
Total all Government and tribal funds.....	854,730. 26

APPROPRIATIONS TO DISTRICT OF COLUMBIA AND ALASKA.

Approximately half of the public-school moneys in the District of Columbia is derived from district sources, the remaining approximate half from Federal appropriations. The amount provided by the Federal Government amounts to something over \$2,000,000 per year, being in 1920, \$2,215,023.33.

Common schools in Alaska are divided into three general groups: (1) Schools for natives (Eskimos and aboriginal races); (2) public schools, for white children and children of mixed blood who lead a civilized life; (3) Nelson schools, district schools outside incorporated towns maintained for whites and children of mixed blood who lead a civilized life.

Schools for natives are supported by Federal appropriations, which, since 1908, have amounted to approximately \$200,000 per year. Public schools for whites and children of mixed blood received moneys from the income of 20,579,740 acres of Federal forest-reserve lands, and from proceeds of license fees levied by the Federal Government on business outside incorporated towns. The money derived from this last source constitutes what is known as the Alaska fund, 25 per cent of which is devoted to the Nelson schools.

The estimated area of township sections 16 and 36, reserved in Alaska, amounts to over 21,009,209 acres. These lands will, of course, upon the admission of Alaska as a State into the Union,

^a Data taken from manuscript of Report on Indian Education in Oklahoma, prepared as a part of the survey of education in Oklahoma, conducted under the direction of the U. S. Bureau of Education, 1922-23.

become the property of the State. Meanwhile, the Territory is permitted to lease these lands and devote the rents derived therefrom to a permanent common-school fund.

With this account of special appropriations, our description of the grants made by the Federal Government for public schools is complete. Before passing to the subject of subventions it will be well to ask, "What has been the outcome of these grants?" in other words, "How have these funds been managed, and what is their condition to-day?" As indicated, at the outset, most Federal land and money grants that have been devoted to public schools have been set aside by the States as permanent endowments. In view of the fact that these endowments are the only funds for which satisfactory accounts are to-day available, the answer to the question just raised can best be discovered through determining the condition of the permanent funds derived from the Federal grants we have thus far discussed.

Let us begin by trying to discover the potential value of the grants made by the Federal Government; then let us compare with this value that of existing endowments derived therefrom.

III. RESULTS OF FEDERAL GRANTS.

ESTIMATED VALUE OF FEDERAL GRANTS.

It is impossible to estimate within many millions of dollars the value of the lands and moneys which have been reserved for public-school endowment funds. Nevertheless, it may not be without interest to attempt some sort of an answer, however, hypothetical, to the question, What endowments ought the States to have realized from their Federal grants? In answer to this question, an attempt will be made to show, first, the aggregate potential value of the grants made specifically for public schools; and second, the value which might have been realized had the States devoted to their permanent school funds those Federal lands which most States receiving them might have, and which some States did so devote.

In making such an estimate we will adopt \$10 as the average value of Federal lands.²⁵ With these considerations in mind, we may now turn to Table 12, which, although it does not show all Federal lands and moneys available for State public-school endowments, and is therefore far from complete, is not entirely without value.

²⁵ It may be objected that \$10 is too high a price. The reason for adopting this price would be presented if space permitted.

TABLE 12.—Potential State endowments for schools.

Grants.	Lands (thousands of acres).	Value of moneys and lands (millions of dollars).
I. Lands and moneys granted specifically for permanent school funds:		
State—		
(1) Lands.....	50,194	501.9
(2) Moneys.....		10.8
Federal—		
(3) Township lands.....	73,155	731.2
Total.....	123,349	1,243.9
II. Other grants, used by some States for schools:		
Lands—		
Salt, swamp, internal improvement.....	76,728	767.3
Moneys—		
Percentum grants.....		27.6
War refunds.....		28.0
Surplus revenue, 1837.....		28.0
Grand total.....	200,075	2,060.8

¹ Table from which State data have been taken is not included in the present account, which is concerned primarily with Federal aid.

² Data taken from Table 3. Some States used their Federal grants to create township funds.

³ Does not include 21,000,000 acres of school land reserved in Alaska.

⁴ Lands estimated at \$10 per acre.

⁵ Proceeds of per centum funds, devoted to permanent school funds prior to 1913, computed from Table 6

by subtracting per centum fund proceeds granted to States not devoting same to public schools.

⁶ Not ascertained.

Large as are the fortunes hypothesized by Table 10 they represent only a part of the vast sums that might have been. In the estimates just given, no account whatever is taken of the millions of dollars that might have accrued from the proceeds of the sales of the vast areas of State lands once reserved for schools but now lost to all record. In order to realize more fully what our public endowments for common schools might have been, we may compare the aggregate area of the domain reserved by our Federal and State Governments with the area of certain States and certain foreign countries. This comparison is presented numerically in Table 13, and graphically in Figure 1.

TABLE 13.—Total actual and possible school domain of 36 States¹ compared with area of certain States and countries.

(All numbers indicate thousands of square miles.)

I. ACTUAL AND POTENTIAL SCHOOL DOMAINS.

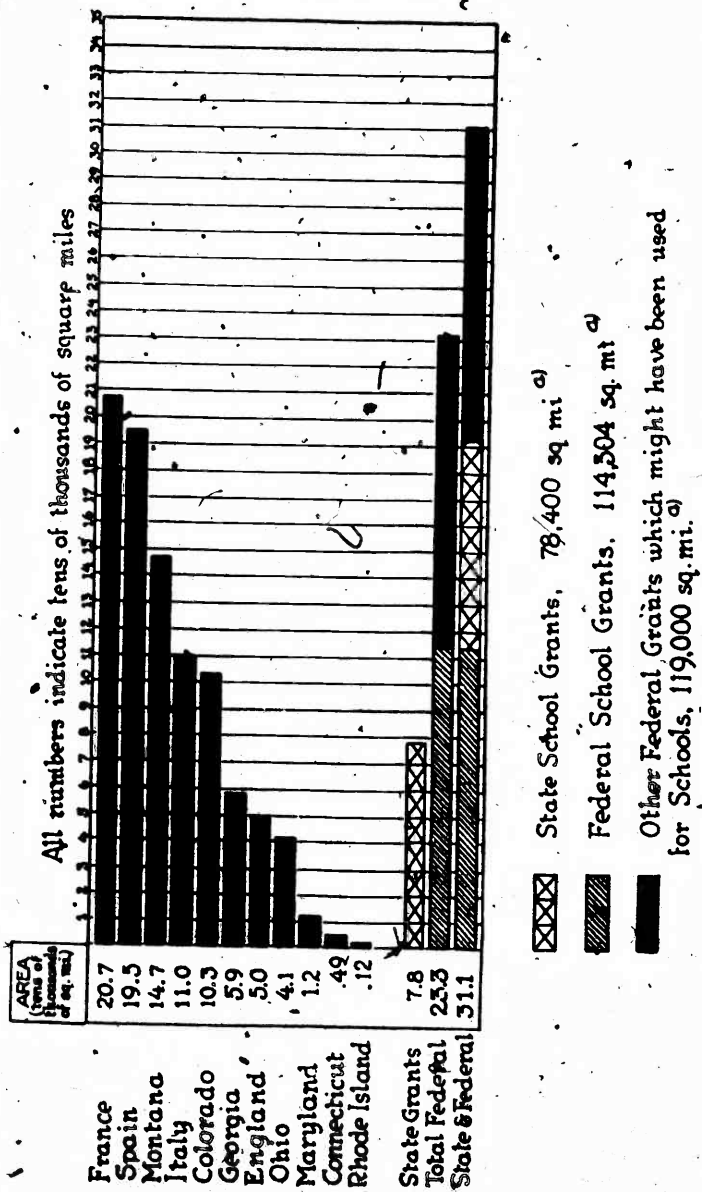
	School lands.	Salt, swamp, and internal improvement lands.	Total which might have been used for schools.
Federal.....	414.3	119	533.3
States.....	78.4		78.4
Total.....			611.7

¹ Thirty public-land States and Connecticut, Maine, Massachusetts, New York, Pennsylvania, and Texas.

² To this area should be added the unknown area of school grants in the following States: Pennsylvania, grant 1831; Georgia, 1818; Maine, 1868; New Jersey and North Carolina. See Swift, A history of public permanent common-school funds in the United States, p. 85.

II. AREAS OF COUNTRIES AND STATES SELECTED FOR COMPARISON.

	Area.		Area.
England.....	50	Maryland.....	12
Italy.....	110	Ohio.....	41
Spain.....	195	Georgia.....	59
France.....	207	Colorado.....	103
Rhode Island.....	1.2	Montana.....	147
Connecticut.....	4.9		



a) Based upon Department of Interior data, April 6, 1921

The domain granted specifically for schools by our National Government to its 30 public-land States, 114,000 square miles, is larger than Italy, more than twice as large as England, more than 9 times as large as Maryland, and 23 times as large as the State of Connecticut.

Even more startling are the findings reached when we compare the nations and States selected with the total Federal area which might have been devoted to schools. This potential school-land empire of 233,000 square miles is more than twice as large as Italy, considerably larger than England and Italy combined, and four and one-half times as large as England. It would have made 47 States the size of Connecticut, besides leaving 2,700 square miles for a Federal district which would be 39 times the size of the present District of Columbia (69.2 square miles). If we add to the Federal-land grants, the area of the grants devoted to permanent funds by the States receiving no Federal lands, we find that we have as the total area which might have been devoted to permanent funds over 311,000 square miles. This is a domain almost large enough to have made an Italy and a France. Out of it might have been carved nearly 3 Italys; more than 6 Englands; 3 Colorados; 26 Marylands; 74 Ohios; or 63 Connecticuts.

Let us not dismiss this comparison without noting that not only in vastness of extent but that in variety and wealth of natural resources this school domain is worthy to be designated an empire.

MISMANAGEMENT AND LOSS OF FEDERAL GRANTS.

From contemplating the school heritage which might have been, we now pass to the stern reality; namely, that even an incomplete record shows that in 32 of the States, funds totaling many millions of dollars have been lost, diverted, or squandered. In 16 States school endowments exist entirely or in part only as unproductive State debts, and in 9 States the funds annually reported as permanent endowments are mere fictions, having no existence whatever except on paper. If we confine our attention to the 30 States receiving land grants from the Federal Government we find that in 11 of these the situation parallels that just described. Let us now consider somewhat more in detail these losses and their significance.

A sharp line must be drawn between the funds which exist only as State credits or debts and funds which are intact and which represent genuinely productive investments. Early in the present account we have summarized the motives which originally led Congress to adopt a policy of land grants. As time went on it became more and more evident that the purpose of the Federal Government and of the States alike was to establish perpetual school endowments, the in-

come of which would ease the financial burdens of successive generations. Credit funds and permanent school debts not only fail to do this, but since their so-called interest is commonly paid out of general State revenues, they often actually serve as a lever for increasing rather than lessening the burdens of school support.

Funds of this class ought to be frankly labeled as debts; for example, in speaking of the permanent school funds of Illinois, Ohio, and Michigan we should refer to them not as permanent school funds but as State debts to the permanent school fund. To do so would clarify matters for all concerned. The only statements covering all the States are those prepared by the United States Bureau of Education. The most recent of these available is that contained in Bulletin, 1920, No. 11. This bulletin, page 119, reports permanent school funds for every one of our 48 States except Georgia and South Carolina. The real facts in the case are that in no less than one-third of the States the funds reported as permanent school funds are, from the standpoint of productive endowments, totally or largely mere fictions. In some States, funds once accumulated have been diverted or lost. In other States, such as Michigan, Maine, and Ohio, the State has by legislation adopted a definite policy of using for its own purpose all moneys paid into the State treasury to the credit of the permanent fund and establishing a State debt on which the Commonwealth binds itself to pay interest at a fixed rate to public schools.

A study by the writer of the present account of State permanent school funds revealed many significant facts. Fifteen per cent of the permanent school fund of Nevada, 18 per cent of the perpetual school fund of California, and 32 per cent of the Wisconsin school fund exist only as State debts. All of Louisiana's surplus revenue fund (United States deposit fund) and 58 per cent of her free-school fund are recognized as permanent State debts by her constitution. The principal of the so-called permanent State school fund is practically a State debt in the following eight States: Arkansas, Illinois, Maine, Michigan, Mississippi, New Hampshire, Ohio, and Tennessee. It should be noted that the sixteenth-section lands in Illinois were used to establish local, not State, funds, and are to-day largely intact. The true condition of the State permanent school endowments in these 11 public-land States, already referred to as having funds which are entirely or in part credit funds, are shown by Table 14. The interested reader will find a more complete table in an article by the author of the present bulletin, published in the American School Board Journal for June, 1921. The table presented in this magazine article shows the State debts to the permanent school funds in Kentucky, Maine, and several other States not included in Table 14 because they are not public-land States.

TABLE 14.—State debts to permanent school funds in eleven public-land States.

State.	Official title of funds. ¹	Intact principal and State debt to permanent school fund.		State debt to permanent school fund.		Unsold school lands.		Total of intact principal, State debt to permanent school fund, and unsold lands, in thousands of dollars.	Income in thousands of dollars.		
		Thousands of dollars.	Per cent of total existing only as State debt.	Thousands of dollars.	State's interest rate.	Thousands of acres.	Estimated value in thousands of dollars.		From intact principal.	From State debt to permanent school fund.	Total.
1	2	3	4	5	6	7	8	9	10	11	12
Alabama...	Surplus revenue fund.....	(*)	(*)	699	4	(*)	(*)	(*)	26	26	26
	Valueless sixteenth-section fund.....	(*)	(*)	97	6	(*)	(*)	(*)	5	5	5
	Sixteenth-section fund.....	(*)	(*)	2,098	6	266	13,458	5,556	125	(*)	125
	School indemnity land fund.....	(*)	(*)	158	6			(*)	9	(*)	9
	Total.....			3,022					165		165
Arkansas.....	Permanent school fund.....	1,529	94	1,494	5	48	250	1,778	74	(*)	74
	Perpetual school fund.....	8,053	18	1,526	6	7,693	4,864	12,938	91	99	363
	Surplus revenue fund.....	(*)	(*)	335	6	(*)	(*)	(*)	20	20	20
	School fund proper.....	(*)	(*)	613	6	(*)	(*)	(*)	36		36
	Total.....			948					56		56
Louisiana...	Free school fund.....	1,961	58	1,130	4	(*)	(*)	(*)	40	45	85
	United States deposit fund.....	(*)	(*)	479	6	(*)	(*)	(*)	28	28	28
	Total.....			1,610					73		113
Michigan...	Primary school fund.....	(*)	(*)	4,323	7				302	(*)	302
	Swamp land fund.....	(*)	(*)	942	5	10 30	(*)	(*)	49	(*)	49
	Total.....			5,305					351		351
Mississippi...	Chickasaw fund ¹¹	(*)	(*)	1,035	6	(*)	(*)	(*)	62		62
Nevada.....	State permanent school fund.....	2,410	15	380	5	1,067	1,373	3,783	97	19	46
										46	163

¹ Other titles than the official titles are used in some States.² Entire principal exists only as a State debt to permanent school fund.³ No unsold school lands.⁴ No unsold school lands; for total value of this fund see columns 3 and 5.⁵ For the year 1914. Estimated at \$13 per acre. Estimate made as follows: Bureau of Education Bulletin, 1920, No. 11, reports acreage in 1918 as 78,000 acres, valued at \$950,000, which is an average price of approximately \$13 per acre.⁶ Data not available.⁷ Includes 1,819 acres of mineral lands and 691 acres of sixteenth and thirty-sixth section lands.⁸ Exclusive of mineral lands; no estimate of the value of these lands is available.⁹ The only intact State school fund in Illinois is the Kaskaskia commons fund. The title and control of this fund are vested in the State, although the income goes to a few districts in Randolph County. The township school section funds in Illinois, amounting to nearly \$20,000,000, were constituted local funds, and so are excluded from this study.¹⁰ It is not clear to which fund these lands belong.¹¹ A curious situation exists in Mississippi. Sixteenth-section funds in Chickasaw Counties were constituted as a State fund known as the Chickasaw fund; but in counties outside the Chickasaw cession, sixteenth-section funds are local funds known as sixteenth-section funds. No statement is available of the principal or lands belonging to the sixteenth-section funds. The income for 1914-15 amounted to \$167,334.56 (computed from data in Superintendent of Public Instruction Report, 1914-1915, pp. 208-245.) For further information regarding these funds see Weatherby, W. H., A History of Educational Legislation in Mississippi, 1790-1890.¹² Bureau of Education, Bulletin, 1920, No. 11, erroneously reports the area as 15,367 acres. Data here are taken from Nevada Land Register Report 1917-18, pp. 36, and 47.

TABLE 14.—State debts to permanent school funds in eleven public-land States—Contd.

States.	Official title of funds.	Intact principal and State debt to permanent school fund.		State debt to permanent school fund.	Unsold school lands.	Total of intact principal, State debt to permanent school fund, and unsold lands, in thousands of dollars.		Income in thousands of dollars.				
		Thousands of dollars.	Per cent of total existing only as State debt.	Thousands of dollars.		State's interest rate.	Thousands of acres.	Estimated value in thousands of dollars.	From intact principal.	From State debt to permanent school fund.	From lands.	
1	2	3	4	5	6	7	8	9	10	11	12	13
Ohio.....	Section 16 fund ^{1a}	(¹)	(¹)	3,535	6	(¹)	(¹)	(¹)	.....	214	.....	214
	Virginia military fund ^{1a}	(¹)	(¹)	197	6	(¹)	(¹)	(¹)	.....	12	.....	12
	United States military fund.....	(¹)	(¹)	120	6	(¹)	(¹)	(¹)	.....	7	.....	7
	Western reserve fund.....	(¹)	(¹)	257	6	(¹)	(¹)	(¹)	.....	15	.....	15
	Total.....	.....	.....	4,109	.....	.....	.....	.....	.....	248	.....	248
Tennessee.....	Permanent school fund.....	(¹)	(¹)	2,512	6	(¹)	(¹)	(¹)	.....	136	.....	136
Wisconsin.....	School fund.....	4,756	32	1,563	7	12	(¹)	(¹)	130	100	.....	230
	Total.....	36,796	.....	36,626	.....	2,116	9,965	23,661	607	1,596	56	2,330

^{1a} Entire principal exists only as a State debt to permanent school fund.^{1b} No unsold school lands.^{1c} No unsold school lands; for total value of this fund see columns 3 and 5.^{1d} Data not available.^{1e} These funds taken together with the university fund and certain other funds constitute the so-called "irreducible State debt." The four funds listed here might well be regarded as one, but they are maintained as separate funds, due largely to historical reasons.^{1f} This sum of \$1,563,700 was borrowed from the school fund during the Civil War.^{1g} Column (3) total includes State debts represented by letter "b" and reported in column (5).

The situation revealed by the preceding table is a melancholy record of the outcome of the vast and generous grants bestowed by the Federal Government for the support of public schools. The story told is one of amazing waste of a great national gift. Carelessness, mismanagement, diversion, theft, embezzlement, and land frauds are some of the causes that have played a part in the dissipation of these princely endowments. It is impossible to give, in the space that remains, any complete account of the losses sustained or of the manner in which they were incurred.^{2a} However, some conception of these two matters may be gained from the following tables, the first of which presents a record by no means complete of the losses in the States named and the second, a summary of the more important causes of these losses.

^{2a} The interested reader will find this subject treated in the author's History of public permanent common-school funds, Chapter VI; and in two articles contributed by him to the American School Board Journal (May and June, 1921), under the title, "Fictitious permanent school funds."

TABLE 15.—*Losses sustained by State permanent school funds.*

States.	Amount lost or diverted. ¹	Date.	Title of fund.
Alabama.....	909,086.00	1848	United States surplus-revenue loan.
Arkansas.....	2,056,714.00	After 1865	Sixteenth-section land fund.
California.....	264,751.49	Before 1870	United States surplus-revenue loan.
Colorado.....	1,250,000.00	Before 1861	Common-school fund.
Connecticut.....	6,000,000.00	Before 1861	Sixteenth and thirty-sixth section lands township funds.
Florida.....	463,763.77	After 1887	Public-school fund.
Georgia.....	134,640.09	Before 1810	School fund.
Illinois.....	Unknown.	1860-1865	State school fund.
Indiana.....	330,000.00	1850-1865	United States surplus-revenue loan.
Iowa.....	750,000.00	Before 1868	Common-school fund.
Kansas.....	350,000.00	Before 1868	United States surplus-revenue loan.
Kentucky.....	613,362.05	Before 1868	School fund proper.
Louisiana.....	335,592.35	Before 1868	United States surplus-revenue loan.
Maryland.....	3,000,000.00	Before 1868	Common-school fund.
Massachusetts.....	125,000.00	Before 1868	Permanent school fund.
Mississippi.....	2,000,000.00	Before 1868	State permanent school fund.
Missouri.....	1,568,906.06	Before 1868	Permanent school fund.
Nebraska.....	850,000.00	Before 1845	United States surplus-revenue loan.
Nevada.....	1,652,947.86	Before 1872	Free-school fund.
New Hampshire.....	477,919.14	Before 1872	United States surplus-revenue loan.
New York.....	743,429.75	1839	United States surplus-revenue loan.
North Carolina.....	2,842,572.00	1850-1864	Massachusetts school fund.
Ohio.....	50,000.00	Before 1870	Chickasaw fund.
Oregon.....	100,000.00	Before 1870	Township school fund.
Pennsylvania.....	259,842.87	1807	Permanent school fund.
Rhode Island.....	35,000.00	* 1867-1883	Institute fund.
South Carolina.....	335,862.17	1837-1893	United States surplus-revenue loan.
Tennessee.....	1,400,000.00	1860-1870	Literary fund.
Texas.....	1,133,757.44	1860-1870	United States surplus-revenue loan.
Vermont.....	Unknown.	Before 1865	Common-school fund.
Virginia.....	20,000.00	Before 1865	Common-school fund.
West Virginia.....	1,500,000.00	Before 1860	United States surplus-revenue fund.
Wisconsin.....	370,000.00	Before 1860	Common-school fund.
Wyoming.....	Unknown.	Before 1850	Common-school fund.
	384,985.00	1860-1865	Common-school fund.
	1,500,000.00	Before 1900	Permanent school fund.
	700,000.00	1845	Common-school fund.
	224,000.00	1860-1865	Virginia literary fund.
	* 556,000.00	Before 1871	School fund.
	6,000.00	1874	School fund.
	1,563,700.00	1880-1895	Common-school permanent fund.
	5,768.36	1893	

¹ This table must not be understood as showing the complete loss in any State, nor all States which have suffered loss.

* Income.

* Not including \$719,022.62 paid to West Virginia as her share of fund.

TABLE 16.—*Summary of important causes of loss to permanent common-school funds.*

1. Lands sold for less than real value.
2. Deeds improperly recorded or not recorded.
3. Lands sold and no record of proceeds.
4. Bad loans.
5. Unpaid notes.
6. Unpaid interest on bonds or notes.
7. Mismanagement.
8. Dishonest management.
9. Absconding of school-fund officers or debtors.
10. Theft or embezzlement.
11. Moneys due principal not added.
12. Moneys due principal diverted.
13. Fund borrowed by the State.
14. Fund used for State expenses.
15. Fund used to pay State debts.
16. Fund misappropriated by State.
17. Exchanged for State securities, indebtedness later repudiated.
18. Fraudulent bonds.
19. Failure of State banks in which funds were invested.
20. Depreciation of securities.
21. Civil War.

Much of the mismanagement and many of the losses, recorded in the last three tables, were undoubtedly due to the inexperience of the States receiving these grants, and to their lack of adequate vision of the possibilities of such endowments, and of a proper conception of the purposes of the same. Such a defense can not be made, however, of States which, with generations of experience continue to mismanage or divert these sacred trusts. A single State may be cited as an example of a State pursuing such policies. A study of the Federal land grants devoted by this State to her permanent public-school fund shows that had this fund been properly managed that State would to-day possess a permanent endowment of nearly \$100,000,000, yielding an annual revenue of \$4,600,000, more than one-third of the total amount expended by that State for public schools in the year 1920. Instead of any such princely sum the State cited has to-day a nonproductive fund whose paltry annual income of less than a hundred thousand dollars is a pure fiction raised by a State tax.

It would be interesting to trace the process by which this fund was deprived of the lands devoted to it. Indeed, a study of the present as well as of the past laws would seem to show that the citizens of this commonwealth have conceived of their permanent fund and the lands given them by the Federal Government for public schools, primarily as sources of revenue to be used for the advantage of individual citizens or to be employed to rescue the State from any and every financial crisis.

From this account of the transactions of this State it will be seen that the story begun long ago in another State, when school lands worth \$50 per acre were sold for \$6, and to which another great chapter was added when moneys from Federal grants for schools were employed for purposes entirely unjustifiable, continues to-day in some of the States at least. With such facts before us it may well be asked, What should be the final verdict as to the wisdom and effectiveness of the policy of Federal grants to education? In answering this question the reader must be again reminded that the grants described in the present chapter which have had any significant or lasting effect upon the school systems of the States have done so because they were made parts of permanent State endowments.

BENEFICENT EFFECTS OF FEDERAL GRANTS UPON ESTABLISHMENT OF FREE SCHOOLS.

Although admitting the waste and wanton dissipation which has characterized the management of these funds in many commonwealths, it must not be forgotten that in more than half of the States the management has been honest and painstaking, even when not judicious and scientific. The States more recently admitted have striven, and with a fair degree of success in many cases, to preserve their Federal grants and the funds created therefrom. It is doubtful whether there is a single State in the Union which can point to an untarnished record. Despite all these facts, it is nevertheless true that, however badly managed, these permanent common-school funds created out of Federal grants were the first, stable sources of support given to free schools in more than half of the States. In almost every such State, the system of free schools was begotten and nurtured by the permanent public-school fund. Through the distribution of the income of these funds, and the requirements attached to receiving the same, schools were maintained in many communities which otherwise would have been without schools. These funds of Federal origin were wheel, ballast, and lever of the States' systems of free schools. They set these systems in motion and kept them going. They lifted them to higher and higher levels and even despite the fact that today the percentage of the total revenue which they contribute is in many States an exceedingly small proportion of the total school revenue, they, nevertheless, when properly and scientifically managed, still exert a powerful influence making for scientific organization and for the improvement of educational standards.

FEDERAL SUBVENTIONS.

The most important subventions thus far provided for public schools are those established by the Smith-Hughes Act. It is obvious that the appropriations created by the Smith-Sears and Smith-Bankhead Acts lie entirely outside the scope of the present account. This might seem to be true also of those resulting from the Smith-Lever Act, for not a dollar of Smith-Lever moneys reaches the public schools. Nevertheless, in view of the fact that a large proportion of these moneys is devoted to providing agricultural and home economics extension work for children of public-school age, it has seemed best to give some consideration to Smith-Lever subventions.

SMITH-LEVER SUBVENTIONS.

EXTENSION WORK IN AGRICULTURE AND HOME ECONOMICS.

The Smith-Lever Act, approved May 8, 1914, provides Federal subventions to aid the States in promoting extension work in agriculture and home economics. This work is carried on partly among adults and partly among children of school age. The act provides, "That, in order to aid in diffusing among the people of the United States useful and practical information on subjects relating to agriculture and home economics," there may be inaugurated in connection with colleges receiving Federal aid under the Morrill Act agricultural extension work to be carried on in cooperation with the United States Department of Agriculture. The act defines cooperative extension work to consist of—

the giving of instruction and practical demonstrations in agriculture and home economics to persons not attending or resident in said colleges in the several communities, and imparting to such persons information on said subjects through field demonstrations, publications, or otherwise. . . . The main lines of cooperative extension work are those conducted by county agricultural agents, dealing with farm problems; by county home demonstration agents, dealing with problems of the farm home; by county club agents' work, dealing with boys and girls; and by extension specialists in various phases of agricultural and home economics located at the State agricultural colleges.

According to the "Report on cooperative extension work in agriculture and home economics," 1920, page 1, issued by the United States Department of Agriculture, 1922:

There were engaged in extension work in the United States on June 30, 1920, 2,359 in county agent work, 1,039 in home demonstration, and 442 club-work agents working exclusively with boys and girls, together with specialists and others, totaling 5,630 extension workers in all.

The source of the funds devoted to cooperative extension work in 1920, and the expenditure of the same is summarized in the same report, pages 1 and 2, as follows:

The total amount used for cooperative extension work in the United States in 1920 was \$14,658,000, of which the Federal Government contributed \$4,464,000 under the provisions of the Smith-Lever Act. In addition, Congress, by direct appropriation to the Department of Agriculture, made available \$1,021,000 for farmers' cooperative demonstration work, and \$406,000 for extension work by the several bureaus of the department, cooperating with the States Relations Service, making a total from Federal sources of \$5,891,000. The remaining \$8,767,000 was derived from sources within the States, including \$3,406,000 appropriated by the State legislatures, \$3,960,000 provided by the different counties, \$470,000 allotted to the extension work by the State colleges of agriculture, and \$930,000 from other sources, mostly local.

Over one-half of the total funds available, or \$7,665,000, was spent for county agricultural agent work, \$2,180,000 for home demonstration work, \$885,000 for club work, \$995,000 for administration, and \$308,000 for publications. In addition to these items \$2,400,000 was spent for the salaries and expenses of subject-matter specialists, as follows: For livestock improvement, \$740,000; for crop improvement \$600,000; for agricultural engineering, \$125,000; for farm management work, \$115,000; for marketing, \$180,000; and for home economics, \$330,000.

From this brief statement of the origin of cooperative extension work, and of the revenues and expenditures of the same, we may return to a further consideration of the provisions of the act.

The Smith-Lever Act provides an annual appropriation of \$480,000, i. e., \$10,000 for each State which accepts the provisions of the act. The act appropriates an additional sum of \$600,000 for the second fiscal year of its operation, and for each year thereafter for 7 years a sum exceeding by \$500,000 the sum appropriated for the preceding year until the annual additional appropriation shall amount to \$4,100,000, which with the \$480,000 makes a grand total of \$4,580,000. This total amount constitutes a continuing annual appropriation. Unlike the initial appropriation of \$480,000, these additional appropriations are distributed annually among the States of the Union by the Secretary of Agriculture in the proportion that the rural population of each State bears to the total rural population of the United States.

In order to receive its share of these additional appropriations a State must provide an equal amount for the maintenance of the work. States are not, however, required to match the \$10,000 representing their respective shares of the initial continuing appropriation of \$48,000. The amount coming from within the State may be supplied by State appropriations, by contributions made by counties, colleges, local authorities, or private individuals.

No part of the appropriation may be used for the purchase, erection, or repair of buildings, purchase or rental of lands, the maintenance of college courses, or any other purpose not specifically authorized by the act. Moreover, not more than 5 per cent of a State's fund may be used for the printing and distribution of publications. Before any work requiring the expenditure of the cooperative agricultural extension fund is undertaken in the State, the plans for the work must have the approval of the Secretary of Agriculture. Each college authorized to carry on cooperative extension work is required to organize and maintain a definite and distinct administrative division for this work, and to place in charge of it a responsible director, selected by the college and acceptable to the United States Department of Agriculture. The director of extension work of each college is required to submit detailed projects covering each line of extension work, with a proposed allotment of funds for each, for approval by the Department of Agriculture. After approval of the projects, the State is certified by the department to the United States Treasurer as entitled to receive its fund.

The following table shows the annual funds available for Smith-Lever work in agriculture and home economics from 1915 to 1922, inclusive; the amount provided by the Federal Government; and the amount furnished by the States, counties, and miscellaneous sources.

TABLE 17.—Annual funds available for cooperative extension work in agriculture and home economics under the Smith-Lever Act.¹

Year.	Federal subvention.	Moneys furnished to match Federal subventions. ²			Annual total. ³
		State and college offset.	County offset.	Miscellaneous offset.	
1914-15.....	\$474,934				\$474,934
1915-16.....	1,077,923	\$497,484	\$99,226	\$31,286	1,675,846
1916-17.....	1,575,054	952,114	94,557	48,383	2,670,108
1917-18.....	2,068,086	1,313,330	215,077	59,659	3,656,132
1918-19.....	2,538,828	1,586,086	316,368	156,394	4,597,656
1919-20.....	4,464,344	2,680,784	1,066,924	267,666	8,485,698
1920-21.....	5,080,000	3,037,398	1,330,520	232,091	9,679,999
1921-22.....	5,580,000	3,491,144	1,458,738	180,118	10,680,000
Grand total.....	22,859,149	13,508,280	4,580,410	935,524	41,883,363

¹ Compiled from Table 5, p. 16, Statistics of Cooperative Extension Work, 1921-22, United States Department of Agriculture, Department Circular, No. 203, 1922.

² All amounts furnished by the Federal Government must be matched dollar for dollar, except the \$10,000 flat appropriation to each State.

³ Computed.

⁴ In 1918 and 1919 additional emergency grants were provided, amounting, in 1918, to \$2,949,072.48; and, in 1919, \$4,508,243.13. These grants were wartime emergency measures. The States were not required to match their respective quotas.

⁵ Includes \$1,500,000 supplemental appropriation.

SMITH-HUGHES SUBVENTIONS FOR VOCATIONAL EDUCATION.

The passage on February 23, 1917, of the Smith-Hughes Act, or, as it is often called, the Federal vocational education act, marked the entrance of an entirely new policy on the part of the Federal Government toward education. By the passage of the Morrill Act the Federal Government had begun, as long ago as 1862, subsidizing industrial and agricultural work, but prior to 1917 the moneys had been devoted to work conducted in or through colleges of agriculture and mechanic arts. But with the Smith-Hughes Act, "the Federal stimulus passed from the colleges to the public schools." The Smith-Hughes Act provides subventions, not merely for fostering training and industrial studies in public schools, but for providing professional training for teachers of these subjects. The act is further significant through the machinery it established, and through the conditions it attached to the subventions. By means of these latter, it has been able to determine to a considerable degree the efforts, policies, equipment, methods, and teaching qualifications in the field of vocational education in secondary schools. The relation of this act to earlier acts, and some of the important differences in its character are well set forth in the second annual report of the Federal Board for Vocational Education, pp. 9 and 10, as follows:

The vocational education act is the culmination of an evolution in national appropriations for vocational education. Beginning with the Morrill Act of 1862, the Federal Government has, by a series of acts, the second Morrill Act, the Nelson amendment, the Hatch Act, the Adams Act, the Smith-Lever Act, and the vocational education [Smith-Hughes] act, gradually found its way to a philosophy and policy in the use of national money for vocational purposes. The Morrill Act imposed but few conditions in the use of the money by the States. The Smith-Lever Act imposed many conditions. It is safe to say that the vocational education act is the most specific and exacting of all these enactments in its requirements upon the States in the use of Federal money.

It is impossible in the present brief account to enter upon a statement of the many standards which must be met by the States in order to receive Smith-Hughes subventions. The two requirements which bear directly on the subject of school finance are that (1) the States must match dollar for dollar the Federal grant, and that (2) Smith-Hughes moneys are paid to the States only as reimbursements for moneys previously spent by the States.

The law further provides for the appointment by the President of a representative Federal Board for Vocational Education, and reserves to this board \$200,000 per annum out of the total fund. The Smith-Hughes Act provides an annual grant increasing from a total of \$1,860,000, in 1917-18, to \$7,367,000, in 1925-26, which latter becomes a continuing annual appropriation. The appropriation for the salaries of teachers, supervisors, and directors in agriculture increases from \$548,000, in 1917, to a maximum of \$3,027,000, in 1925-26; the appropriation for salaries of teachers in home economics and industrial subjects from \$566,000, in 1917, to \$3,050,000, in 1925-26; the appropriation for teacher training from \$546,000, in 1918, to \$1,090,000, in 1921, in which year the maximum appropriation for teacher training was reached.²⁷ The following table shows, in condensed form, the total amount of moneys available from 1918 to 1926 and annually thereafter, and the manner in which the total grant is distributed.

TABLE 18.—*Smith-Hughes Federal vocational education subventions.*^a

[All numbers (not years) indicate millions or decimals of millions of dollars.]

Fiscal year ending June 30.	Total sub- vention.	Distribution of total subvention.			
		To the States—			To Federal Board for Vocational Education.
		For salaries of teachers, supervisors, and di- rectors of—		For teacher training.	
		Agriculture.	Home eco- nomics, trade and industrial subjects.		
1918.....	1.8	0.5	0.6	0.5	0.2
1919.....	2.5	0.8	0.8	0.7	.2
1920.....	3.1	1.0	1.0	0.9	.2
1921.....	3.8	1.2	1.3	1.1	.2
1922.....	4.3	1.5	1.5	1.1	.2
1923.....	4.8	1.7	1.8	1.1	.2
1924.....	5.3	2.0	2.0	1.1	.2
1925.....	6.2	2.5	2.5	1.1	.2
1926.....	7.3	3.0	3.0	1.1	.2
Annually thereafter.....	7.3	3.0	3.0	1.1	.2
Basis of allotment to States.....		(b)	(c)	(d)	.....

^a Data taken from Bulletin No. 1, Federal Board for Vocational Education, 1917, p. 62.

^b Rural population.

^c Urban population.

^d Total population.

²⁷ For a detailed statement of the provisions, the reader is referred to Bulletin No. 1, issued by the Federal Board for Vocational Education in 1917, bearing the subtitle, Statement of policies. This bulletin quotes the act in full (see pp. 49-51).

We may well conclude the account of the Smith-Hughes subventions by presenting in condensed form a statement of what has been accomplished through them for vocational education. These results were recently summarized in the news letter of the National Society for Vocational Education, June, 1922, as follows:

1. Before January 1, 1918, every State in the Union had accepted the provisions of the Federal vocational education act.
2. During the same period every State in the Union submitted plans for accepting the provisions of the Federal act and the rulings of the Federal Board for Vocational Education.
3. Every State in the Union created a definite State board for the administration of vocational education.
4. In 1916, only two States in the Union, Wisconsin and Pennsylvania, had compulsory part-time or continuation school laws. As a result of the Smith-Hughes Act, 21 States now have compulsory part-time education laws.
5. The total of all expenditures for vocational education in schools subsidized from Federal funds has increased from \$2,683,639.52, in 1918, to \$10,649,852.11, in 1920-21. The far-reaching influence of the Federal vocational education act is indicated further in the very large increase in appropriations for vocational education work by local communities, which increased from \$1,201,542.38, in 1918, to \$5,182,818.22, in 1921.
6. The enrollment in Federally aided vocational schools increased from 164,186, in 1917, to 323,028, in 1921.
7. The number enrolled in Federally subsidized teacher training courses increased from 6,589, in 1918, to 13,358, in 1921.

CONCLUSION.

We have now completed the account of Federal grants and subventions to public schools. What the future has in store no one would venture to prophesy. The bitter conflict waged about the Smith-Towner bill shows clearly that any attempt to inaugurate a policy of large Federal aid will meet with bitter and well-organized opposition. Not all, but a considerable proportion, of the opposition to the policy of Federal aid proposed in the Smith-Towner bill came from States which rank high both as to wealth and as to general educational status, and which undoubtedly regarded with alarm the adoption of any policy that sooner or later might possibly result in the levying of a Federal school tax.²⁸ However, were the people of the United States convinced of the advisability of a policy of large Federal aid to public schools, there are, at least at the present time, sources from which such aid could be drawn without resorting to a Federal school tax.

A gigantic endowment fund might be created from the proceeds of the sales of lands still owned by the Federal Government. It has been noted that a somewhat similar policy was definitely proposed in 1841, and actually adhered to for a time. The

²⁸ It is unnecessary to dwell at this point upon other causes to this opposition. As stated, at the outset of the present study, this monograph does not seek to present the arguments for or against a policy of large national aid to public schools.

General Land Office reports that there were on July 1, 1921, in the United States, exclusive of Alaska, approximately 190,000,000 acres of land still owned by the Federal Government. The sale of these lands at an average price of \$10 per acre would yield \$1,900,000,000. This fund invested in 4 per cent securities would yield an annual income of \$76,000,000. Another potential source of such a fund is to be found in the indemnity and debts due to the United States from foreign nations as the result of the recent World War. A precedent for such a policy would be found in that adopted in connection with the indemnity arising from the Boxer Rebellion in China.

Were a great national public school fund to be created, care should be taken that its annual revenue be distributed among the States in accordance with sound and scientific principles. The quota granted to any one State should be made to depend upon the latter's ability to provide school revenue as denoted by its wealth per school child or per teacher employed, upon its effort, as compared with that of the other States of the Union, to provide educational facilities, and upon the meeting of definite educational standards. The National Government has left to the States the provision and care of public schools. To aid them in discharging their obligations, the Federal Government has given to the States, out of its own wealth, vast fortunes in land and money. The aim of these gifts was to make education universal, free, and equal. All data at hand show conclusively that not one of these aims has been realized.

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